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FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,115

Tuesday March 11 1980

***20p

BEARINGS
FROM
POLAND

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NEWS SUMMARY

GENERAL

Iran hostage hopes dashed

Hopes of a release soon for the 50 U.S. hostages in Iran faded when Ayatollah Khomeini refused to back a decision by the Revolutionary Council to allow a UN Commission to visit the hostages.

The Ayatollah said the commission would first have to express its view about the alleged crimes of the former Shah and the U.S. against Iran.

He also said the commission should be allowed to interrogate hostages.

Washington said it opposed interrogation and hinted that the commission might leave Iran without finishing its task.

Third shooting

A British soldier was shot and wounded in a street in Osnabrück, West Germany, but his condition was not critical. It was the third such shooting in a month. The IRA claimed responsibility for the previous two attacks.

Basques triumph

Basque Nationalist Party gained 25 seats in the new 60-member Regional Assembly. More extreme nationalist parties won 17 seats and Spain's ruling party won six. Page 3 and Editorial Comment Page 16

Abbey protest

The start of the Commonwealth Day Service in Westminster Abbey was disrupted when a woman made an apparent anti-Zionist protest a few yards from the Queen and Prince Philip.

Tito stable

Yugoslavia's President Tito, gravely ill with pneumonia, a weakened heart and kidney failure, has shown no further deterioration since Sunday night when he was said to be near death.

Don deported

Oxford lecturer William Newton-Smith was deported from Czechoslovakia at the weekend after being detained by police. He was believed to have been visiting an unofficial university in Prague for barred students.

Jerusalem plan

Israel's new hard-line Foreign Minister was due to be sworn in last night amid reports that the Cabinet is considering appropriating up to 5,000 acres of Arab-owned land in Jerusalem to build a new Jewish suburb. Page 4

Bail forfeited

A Dublin anti-terrorist court ordered Meallissa Costello, widow of a former leader of the Irish Republican Socialist Party, to forfeit £10,000 bail she stood for a priest on a bank robbery charge.

Jockey cleared

National Hunt jockey John Williams was cleared of three charges against him in a "ringer" conspiracy trial at Exeter Crown Court.

FA Cup matches

Arsenal are to meet Liverpool, and West Ham will play Everton in the semi-finals of the FA Cup on April 12.

Briefly...

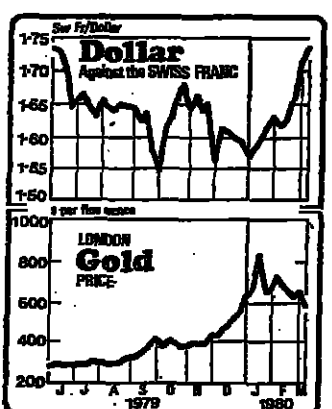
The Duke and Duchess of Gloucester announced that their third child, born a week ago, will be known as Lady Rose Windsor.

Snow and sleet affected roads in some parts of the North. Weather, Back Page

BUSINESS

\$ rises to 4-month high; gold off \$28

DOLLAR continued to improve despite intervention by several central banks. It rose to a four-month high of DM 1.8095 (DM 1.7960). Its trade-weighted index rose to 87.4 (87.2). STERLING lost ground against the dollar, closing 1.2c off at \$2.165, but remained steady against other major currencies. Its trade-weighted index was unchanged at 71.9.



Gold fell to its lowest level since early January

Gold fell to its lowest level since early January in London yesterday, losing \$28 an ounce to \$585.5.

GILTS were firm, encouraged by the Government's determination to hold MLR at 17 per cent, and the Government Securities Index gained 0.30 to close at 64.15.

EQUITIES, nervous of the prospect of a windfall profits tax, eased and the FT 30-share index closed 3.4 down at 452.3.

WALL STREET was down 5.54 to 815.02 near the close.

METALS were hit by heavy losses in a wave of selling mainly by speculators. Aluminium futures dropped by \$113.5 to \$778.5 a tonne. Page 27

SWITZERLAND has removed further restrictions on foreign Swiss franc holdings in a continuing effort to strengthen the currency against the dollar. Back Page

MARGARET THATCHER appeared on French television last night to appeal for a fair deal in the UK's campaign to cut its EEC budget contribution. Back Page

REC INDUSTRY Commission Viscount Cullen d'Armonon flew to Washington as U.S. Steel prepared to file its anti-dumping suit against European producers. Back Page

EL CARS management has roped in a union leader to head a 3,000 redundancies planned for 1981 will have to be brought forward to this year because of poor sales. Back Page

HOECHST, the West German chemicals group, boosted sales last year by 11.1 per cent to DM 26.8bn (\$14.9bn). Page 25

L. M. ERICSSON of Sweden and Atlantic Richfield of the U.S. are forming a new company, Anaconda-Ericsson, to make and sell wire, cable and telecommunications equipment. Page 24

COMPANIES

MANGANESE BRONZE Holdings reported pre-tax profits for the six months to January 31, 1980 down from £22,000 to £185,000 on increased turnover of £18.7m against £15.43m. Page 18

PARKER KNOX furniture manufacturer, reports pre-tax profits for the six months to January 31, 1980 up to £2,06m (£1m). Page 18

NEIL & SPENCER Holdings' taxable surplus for the year ended November 30, 1979, was a record £1.74m (£1.03m). Sales jumped by £6.75m to £21.86m. Page 18

Raw material costs tighten squeeze on profit margins

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The squeeze on profit margins of industry is intensifying. Raw material and fuel costs have been rising in the last few months twice as rapidly as prices charged for manufactured products.

The wholesale prices indices for February, published yesterday by the Department of Industry, show that the rates of increase of both material costs and output prices have accelerated since the New Year, and that the gap between the two has widened.

With other costs, such as labour, rising rapidly, this indicates both that manufacturing profits and liquidity are likely to deteriorate further, and that upward pressure on retail prices is likely to continue for some time.

The mid-February retail prices index, due on Friday, is likely to show a rise in the 12-month rate from the previous level, 18.4 per cent. Most economists expect a rise to over 20 per cent by the early summer.

The prices outlook might be even worse but for the appreciation of sterling, still up more than a tenth in the past 12 months, and the partly associated intense competition in the home market which has prevented companies from passing on cost increases fully into higher prices.

This may largely explain the gap between an 8.4 per cent rise in output prices in the last six months and a 16.8 per cent increase in raw material and fuel costs.

At the end of 1979 the figures were 7.3 and 12.5 per cent respectively.

The materials cost index rose by about 2 per cent last month to 197.2 (1975=100), taking the increase on 12 months up to 28.6 per cent, highest figure since June 1976. Two-thirds of the increase was due to higher prices for crude oil.

If the more slowly rising special costs incurred by the food, drink and tobacco industries are excluded, material costs rose by nearly 41 per cent in the year to February.

The prospects are mixed. Although the recent big rise in oil prices should largely have worked through the materials cost index (and other commodity prices have fallen) sterling has declined by 11 per cent against its average February level.

Some of the big material and labour cost rises of recent months still have to work through to output prices.

WHOLESALE PRICES

	1979	1975=100
Materials and fuel purchased	152.4	161.6
Output prices (home sales)	163.3	168.0
1st	163.9	176.4
2nd	163.9	181.2
3rd	164.0	181.6
4th	164.0	181.6
Nov.	164.0	181.6
Dec.	164.0	181.6
1980 Jan.	164.0	181.6
Feb.	164.0	181.6

* Provisional
Source: Department of Industry.

Prices charged for manufactured products in the UK rose by 1.4 per cent to 191.1 (1975=100) last month. This took the 12-month rate up to 18.2 per cent, highest since September 1977.

If the food, drink and tobacco sectors are excluded output prices have risen by nearly 21 per cent in the last year, after an increase of more than 6 per cent in the past three months.

Price rises were spread across all sectors last month, but petroleum products made the most significant contribution.

On the cost side, crude oil was the most important factor. Otherwise, rises in prices of copper and aluminium largely offset falls in hides, silver and gold.

Lex and retail sales, Back Page

Steel talks continue today

By Christian Tyler, Labour Editor

NEGOTIATIONS on the 10 week steel strike were last night adjourned until today with signs that a negotiated settlement of the dispute is within sight.

The unions were asked to think overnight about the result of the "ballot about a ballot" which showed a 7-3 majority in favour of a second ballot on the latest pay offer.

Mr. Bob Scholey, British Steel Corporation chief executive, said he had reminded the unions that the vote suggested a second ballot was now in order. He thought the best thing would be for the unions to now suspend their strike.

Mr. Scholey said the meeting, which had considered the gap between the two sides, had been frank but without "histories".

Mr. Bill Sims, general secretary of the Iron and Steel

FIGHTING AT CORBY

Fighting broke out when 1,000 striking blastfurnacemen who face redundancy because of BSC's decision to end steel-making at Corby, Northants, met yesterday to discuss a possible return to work. Police were on the scene as the blastfurnacemen arrived and found the doors of the hall blocked by ISCT and AUEW pickets. Page 8

Trades Confederation, said today's talks would be an attempt to reach a common view on productivity and only after that would the haggling start on a final settlement.

"For the first time we had the feeling that they are trying to negotiate," Mr. Sims said. BSC negotiators went line by line through a document submitted by all 13 unions in the industry. No firm pay target is mentioned in the document nor were figures discussed yesterday during five hours of talks.

The ballot result appears not to have been a major issue yesterday. The ISCT has claimed it as a victory because only 65 per cent of steelworkers took part and only 44 per cent supported BSC.

The corporation was yesterday anxious to find out if the unions were prepared to continue the

Continued on Back Page

in New York

	Mar. 7	Previous
Spot	\$2,210.25-2225	\$2,215.50-2330
1 mth	0.10-0.20 prem	0.10-0.12 dis
3 mth	0.05-0.15 prem	0.10-0.25 dis
12 mth	0.40-0.50 dis	0.50-0.55 dis

British Gas plans £4bn expansion programme

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS is planning to spend over £4bn over the next five years on new production, transmission and storage facilities.

The investment programme, representing a 215 per cent increase on the £200m to £240m spent annually in the past five years, was announced as the state corporation disclosed details of its latest price rises.

Domestic tariffs are to rise by 17 per cent on April 1, a move that is expected to help boost the corporation's profitability to a pre-tax level of about £800m in the next financial year. There will be a further 10 per cent rise on October 1.

British Gas said such profits were not large if the capital employed and investment requirements were taken into account.

"Current profits look large simply because of the low levels of profitability to which British industry has been reduced," it said.

The corporation, a monopoly

buyer and seller of natural gas in the UK, is planning to increase sales from an average 5bn cubic feet a day to over 6bn cubic feet a day by the mid 1980s.

This will require the installation of equipment capable of handling a peak load of 12bn cubic feet a day compared with the present peak capacity of 9.5bn.

To meet this expansion-involving some 300,000 to 350,000 new customers a year-the corporation is planning to spend its £4bn on:

• Development of its Morecambe gas field in the Irish Sea, a reservoir containing estimated recoverable reserves of 2-3 trillion (million-million) cubic feet. The estimated cost is £450m.

• Construction of a fourth feeder transmission pipeline from St. Fergus near Peterhead in Scotland to North-East England. This 270-mile line will be the first built to a 42-inch capacity. Pipelaying is due to start next month.

• Installation of new wells, compressors and pipelines in and around the British Gas-Amoco Group's Rough Field in the southern basin of the North Sea. The corporation has almost completed negotiations on a plan which involves turning the partly depleted gas reservoir into a natural storage tank.

• Improvements, replacements and extension to the land-based gas distribution system as part of its mains replacement and expansion policies.

Development of onshore and offshore oil and gas fields in which the corporation has an interest. Among them are Montrose, Beryl, Hutton, North West Hutton, Wytch Farm in Dorset and several gas fields in the southern part of the North Sea.

British Gas may well invest more than £4bn as it is expected to be a member of the consortium which will build a 400-mile North Sea gas gathering network, costing up to £1.5bn.

£45m North Sea gas handling plan, Page 8

U.S. bank seeks retail business

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BANK OF AMERICA, the largest commercial bank in the world, is to enter the High Street banking market in the UK with better rates of interest on deposit accounts than the British clearing banks.

The move, which will be accompanied by a big consumer advertising campaign, comes at a time when the clearing banks are reporting very large profit increases from domestic banking business. Most of these profits are on current account balances which attract no interest.

Bank of America says it is interested only in retail bank deposits in excess of £1,000. It says it will be offering

customers interest rates which are close to those obtainable in the interbank money market. The objective is to provide the bank with an alternative and cheaper source of sterling deposits, which in turn are lent on to wholesale customers.

The retail banking operation will be carried out through Bank of America Finance, the bank's small UK finance house subsidiary. It already has eight branches, which will now be increased to 50 over the next five years.

As an example of the interest rates which it is prepared to offer Bank of America Finance said that on Friday it would have paid 18½ per cent for a one-

month deposit of £10,000. The rate would have been 17½ per cent over six months, and 17 per cent over a year.

Barclays Bank was quoting rates of 17½ per cent for £10,000 over one month, with rates of 16½ per cent and 16 per cent respectively for six and 12 months.

One of the big British clearers, Midland Bank, is considering offering interest on current account balances, partly as an attempt to overcome public criticism over the level of bank profits.

The clearers as a whole have been making a considerable

Continued on Back Page

Lloyds accounts, Page 19

Where When Who What Why?

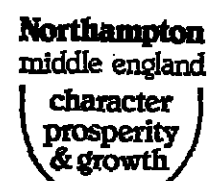
Increased costs, reduced profit margins and expansion at a price! Yes, we know the problem well. We solve it for someone every day. We've done so for 6000 years. So we've got the experience. That's why we recognise that the search for the right location can leave you punch-drunk. Straight answers to straight questions are a must. So we don't deal in waffle, we just deliver.

Who we are. Northampton is a mature county town, a recognised commercial and industrial centre and prosperous growth point.

Where we are. On the A1, midway between London and Birmingham with 50% of Britain's industry and 57% of its population within a hundred mile radius.

What we offer. Better offices, factories, warehouses and sites, plus homes for your employees and all the facilities of a well-established town.

When. It's all available now. Just name the day. Why choose Northampton. Only you can answer that. It must depend on your requirements. Tell us what they are.



for a straight answer

contact Leslie Austin-Crowley FRICS, Chief Estate Surveyor
Northampton Development Corporation
2-3 Market Square, Northampton NN1 2EN
0604 34734

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS	FALLS
Exchange 11/10 1984 258½ +	Spargo's Explan 32 + 4
Treasury 12/10 03-05	Union Corp. 730 + 30
A (270 pd.) 255½ +	Furness Withy 365 - 5
Anderson Strathclyde 75 + 4	ICI 370½ - 7
BAT Inds 233 + 5	Metal Box 254 - 6
Bamburgh 96 + 5	NatWest 325½ - 7
Bradford Property 178 + 8	Newman Inds. 49 - 7
Channel Tunnel 145 + 8	BP 254 - 6
Concord Rotodors 74 + 5	LASMO 450 - 24
Coria Ltd 73 + 6	Shell Transport 376 - 16
Gibbs (A) 84 + 6	Guthrie 755 - 25
Hampshire 84 + 5	Harrisons Myln. Es. 185 - 6
May & Bassell 97 + 5	Boulevardville 185 - 19
Parker Knoll A 113 + 15	Comline Rictorio 254 - 28
Pleasidley Theatre 100 + 8	De Beers Deid. 450 - 28
Rolls-Royce 48 + 3	MIM Hides 240 - 24
Textured Jersey 282 + 10	Mount Lyell 100 - 14
Warner Estates 26 + 8	Otter Explan. 86 - 8
Williams (B.) 25 + 5	Samantha 90 - 10
Metals Explan. 65 + 7	

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EUROPEAN NEWS

PRESSURE ON FACTORIES TO REDUCE WASTE

Prague acts to stimulate economy

By LESLIE COULT IN LEIPZIG

CZECHOSLOVAKIA has announced long-awaited economic measures designed to stimulate the slow-moving economy and to help retain exports to the West while retaining centralised control of the economy and in some cases increasing it. Czechoslovak economic officials at the Leipzig Trade Fair say these are sorely needed to halt the erosion of the country's competitive position within Comecon and on Western markets.

The cautious Czechoslovak economic measures come after a three-year experiment on the factory level and are contained in a key directive issued by the Communist party and Government on the "improvement of administration and planning" in the economy after 1980.

Starting next January, prices producers pay for raw materials are to begin rising to reflect "world market conditions" and to force factories to reduce their heavy waste of materials. This is a move which was begun in neighbouring Hungary, but by contrast the Czechoslovak leadership is saying nothing about retail price rises to reduce subsidies.

More than 100 factories in Czechoslovakia have been involved over the past three years in a Government-run experiment to find ways of breaking out of the seemingly closed circle of faulty planning, poor management, endemic waste and the lack of incentives for factories and workers. Varying wages were paid in different factories based on the export earnings record of the plants.

Beginning next year, Czechoslovak factories will no longer be evaluated by the value of their output calculated by costs but only by the product's saleability based on "world market" criteria. Investments by state factories are no longer to be financed out of the national budget but by a factory's own resources or bank credits. The "few exceptions" to this will require government approval.

Factories that achieve international prices for their exported products are to be permitted to raise wages, while factories failing to compete effectively will in some cases have to reduce pay. Technological innovation is to become an integral part of the five-year plan beginning next year and not a "parallel" afterthought, according to the Czechoslovak economic officials.

The series of measures represent the first attempt to deal with underlying economic problems since Mr. Gustav Husak, the Communist leader and President, came to power after Mr. Alexander Dubcek, the reform Communist chief, was deposed 11 years ago. Economic reform has been an emotive concept since then because of fears that it might release liberalising political forces. The economic directive, however, leaves no doubt that planning functions of factories are to be centralised and that the entire new package of economic measures is based on the "experiences of the Soviet Union and the other Socialist states."

Government to oppose re-election of Eanes

By Jimmy Burns in Lisbon

PORTUGAL'S governing coalition has begun what promises to be a long and difficult search for an alternative presidential candidate for next year's election.

The move, expected to have considerable repercussions on the fragile political situation, emerged over the week-end after one of the leading governing parties, the Christian Democrats (CD), defied publicly for the first time what it saw as the ideal profile of the future president.

The party specified that the candidate should be a military man with broad popular support, but it strongly implied that General Antonio Ramalho Eanes, the current President, did not fit this category.

Significantly, the statement came after Dr. Francisco Sa Carneiro, the Prime Minister, had told Parliament that there were "profound political differences" between his Government and President Eanes.

A serious row erupted last week after right-wing newspapers alleged that General Eanes and members of the Council of the Revolution, the military constitutional watchdog, had planned to oust the Government. The reports were subsequently denied by the President but have been supported by the Government.

This conflict re-emerged yesterday when the Prime Minister refused a presidential request for a police inquiry into why the apparently unfounded "coup" reports had appeared in the newspapers.

In a statement issued after a regular Cabinet meeting, Dr. Sa Carneiro challenged the President's authority on matters of internal security and stressed that any police initiative was the prerogative of the Ministry of the Interior and not of the presidency.

In his earlier speech to Parliament, the Prime Minister said that a police inquiry of any kind into the reports would be a fundamental infringement on Press freedom.

Conditions set by Marchais for war record inquiry

By DAVID WHITE IN PARIS

THE FRENCH Communist leader, M. Georges Marchais, has said he is willing to have a commission of inquiry look into his wartime record, which became the subject of renewed controversy at the weekend. But he made the condition that all the country's other leading politicians do the same.

The question of M. Marchais' comings and goings between France and Germany, in his own words as a "labour deportee," during the Second World War has been brought up again at a time when the 59-year-old party leader is under fierce criticism about his support for Moscow's role in Afghanistan.

The weekly magazine L'Express published a copy of a wartime German document purporting to show that M. Marchais was still registered as a worker at the Messerschmidt aircraft factory in Augsburg in May, 1944, a year after he claims to have returned to France.

In a radio interview with a group of French journalists, M. Marchais reaffirmed that, after an abortive attempt to escape from Germany in January 1942, he found a rise to get back to France in May of that year and never returned to Germany after that.

The inquiry proposal was put forward by M. Jean-Francois Revel, the editor of L'Express, who has reassured that the Augsburg document, dismissed by M. Marchais as "a crude forgery," is genuine and available to the public in that city's archives. The document carries the handwritten date "10.5.43" and "10.5.44" without making it fully clear to what they refer.

M. Marchais said his lawyers would study the matter. If the magazine's version were proved true, it would mean that M. Marchais had lied throughout his career with the party, which he joined in 1947. M. Marchais said he could, when he wanted, call on witnesses to his having been in France from 1943.

Three years ago he accused another magazine, the Right-wing Minute, of falsifying evidence to show that he volunteered rather than being requisitioned to work in Germany. His charge was not upheld in court.

The Communist leader's proposal that all political leaders' war records should be put under the microscope was backed by M. Gaston Defferre, head of the Socialist group in the National Assembly.

M. Marchais also proposed an inquiry into French politicians' complicity with the former Central African dictator, "Emperor" Bokassa.



M. Marchais: involving other politicians

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Irish rail report recommends close-down

By Our Dublin Correspondent

IRELAND should seriously consider closing down its railway system, a report on transport policy suggests today. The railways lost over Ir£30m (£27.7m) last year and account for about three-quarters of the deficit of the state transport undertaking, CIE.

However, the suggestion that rail services may have no future is likely to prove controversial. A minority report from Mr. P. Murphy, of the Irish Employers' Confederation, argues that the report underestimates the energy-saving potential in the railways, and the social and economic costs of a complete shift to roads.

The authors of the report, headed by Professor C. D. Foster, visiting professor at the London School of Economics, point out that Ireland has the lowest railway usage in Europe, and that its geography makes it particularly unsuitable for commercial railway operations.

They estimate that closing the system would save some Ir£135m over a five-year period.

They also suggest consideration be given to the greater use of private buses in rural areas. The Government said the report was an important analysis of the major issues in transport policy and would help the examination at present being made by the Minister for Transport. It also said it recognised the need for early decisions on transport policy development.

Terrorists kill 4 in Istanbul

By Mezin Munir in Ankara

TERRORISTS opened fire on a crowd in a shopping arcade on the European side of Istanbul yesterday, killing at least four people and seriously wounding three others. Police later launched a man-hunt for the terrorists, who were in a group of four or five.

It was the first time that a crowded shopping arcade had been a terrorist target in Istanbul, which is at present under martial law. An average of three people a day die in terrorist violence in the city. A caller later told a Turkish news agency that the attack had been staged to protest at the intervention of the military on March 12, 1971.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$365.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.

Big rise in W. German chemical labour costs

By KEVIN DONE IN FRANKFURT

LABOUR COSTS in the West German chemicals and textiles industries rose significantly last year, compared with most other main industrial countries.

The strength of the D-Mark and the steady rise in social costs paid by industry on top of basic wages and salaries has further strained West German competitiveness in international markets.

West Germany, with the rest of Western Europe, is already experiencing problems in world petrochemical markets because of the cheap energy advantages enjoyed by its U.S. competitors.

The growing wave of U.S. synthetic fibres exports to Western Europe has led to import restrictions in the UK and the preparation of anti-dumping cases by the EEC.

West German chemicals companies are claiming that their labour costs last year were 27.9 per cent higher than those faced by the U.S. industry. Hourly costs totalled \$15.20 (£3.90) against \$10.32 in the U.S.

This is based on an average exchange rate for 1979 of DM 1.83 to the dollar. Although the dollar has strengthened significantly recently under the influence of rising U.S. interest rates to reach a close of about DM 1.80 in Frankfurt on Friday, it is still below the average for last year.

The West German chemicals industry estimates that in the first weeks of 1980 its labour costs have risen to more than 30 per cent above the U.S. level.

West German labour costs first began to outpace those of the U.S. in 1975. Since then, the gap has widened sharply, partly because of exchange rate movements, and because of the rapid increase in German industry's social costs.

These are now double the U.S. level. Chemical employers claim that last year social costs rose to equal 80 per cent of direct wages. In the U.S., social costs are less than 36 per cent.

Narrowing gap

Last year, the dollar lost some 9 per cent of its value against the D-mark, with a further fall of 3.3 per cent in January and February against the 1979 average.

Direct hourly wage levels in the U.S. chemicals industry are still marginally higher than in West Germany.

West Germany—\$7.59 against \$7.33—but the gap is narrowing. In the textile industry, West German labour costs per hour are also appreciably higher than in the U.S.—DM 15.85 (£3.95) against DM 11.30—according to a study by the West German Textile Industry Federation.

Based on costs measured in July last year, West Germany ranks fifth in a league of international labour costs, behind Sweden, the Netherlands, Belgium and Denmark.

Despite its labour costs burden, the West German chemicals industry still succeeded in pushing up its exports by 20 per cent to DM 44bn last year. Exports to the U.S. in the first 11 months rose only 6 per cent against an 18.2 per cent rise in West German chemical imports from the U.S.

TEXTILE INDUSTRY LABOUR COSTS (per hour/July 1979)		
	DM	Index
Sweden	18.02	114
Netherlands	17.60	111
Belgium	17.04	108
Denmark	16.20	102
West Germany	15.85	100
Italy	13.48	85
France	11.71	74
U.S.	11.30	71
UK	9.09	57
Japan	8.83	56
Hong Kong	2.14	14
Czechoslovakia	4.57	29
USSR	2.74	17
Poland	1.56	10

Source: West German Textile Industry Federation.

Bank chief gives import warning

By JONATHAN CARR IN BONN

WEST GERMANY cannot long afford to run a big current account deficit, but import controls on goods or capital should be ruled out as a means of adjusting the balance, Dr. Wilfried Guth, head of the Deutsche Bank, has said.

Only a policy of domestic price stability and technological development could maintain the competitiveness of German exports, Dr. Guth added. He did not believe West Ger-

many would become a chronic deficit country, but he did agree that if oil prices continued to rise as fast as in the past, then it might prove hard, if not impossible, for West Germany wholly to make up for its import bill with its export earnings.

The domestic inflationary danger was greater now than at any time in the past five years. The Government should do more to cut its Budget deficit.

Dr. Guth's fears are shared particularly in the independent Bundesbank—not least that a big current account deficit (expected to be about DM20bn (£5bn) this year) may further weaken the D-Mark and increase inflation.

Since the start of this year, the D-Mark has fallen even in nominal terms against most other currencies, particularly against sterling and the dollar.

Work resumes on North Sea oil rig

Work has resumed on a drilling platform in the Danish sector of the North Sea after divers had investigated a reported pressure build-up in an exploratory well on the Lulu structure. The 18 workers had been evacuated while the check was made, writes Hilary Barnes in Copenhagen. A spokesman for the Dutch Underground Consortium said pressure in the well was still slightly above normal but there was no danger.

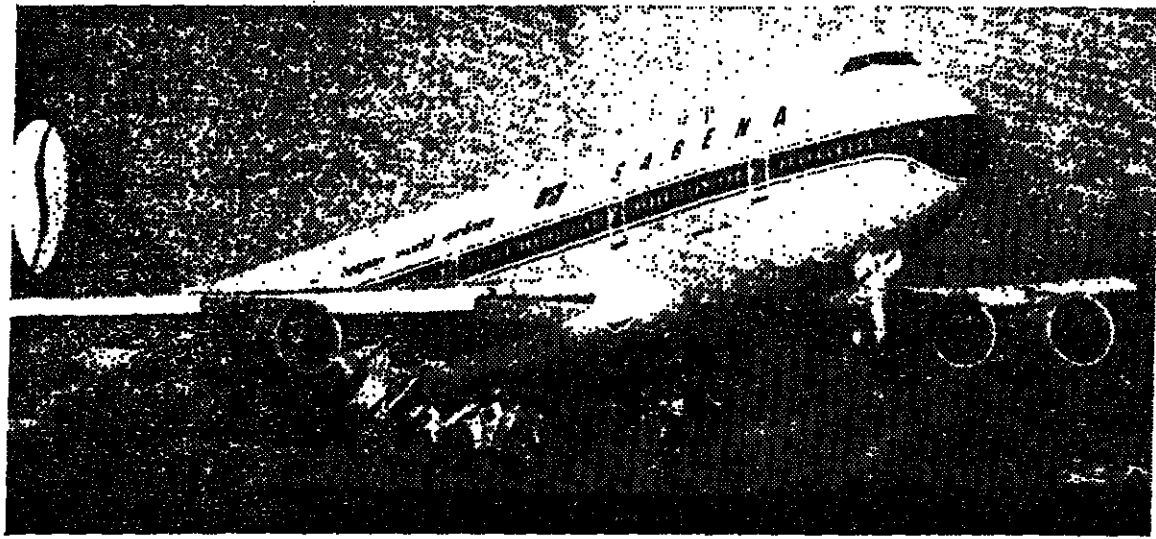
Herald Tribune considers printing in Hong Kong

By TERRY DODSWORTH IN PARIS

THE DAILY newspaper, the International Herald Tribune, is working on a plan to start printing in Hong Kong later in the year. The paper is already printing simultaneously in Paris, London and Zurich.

A team from the 92-year-old newspaper is currently visiting South-East Asia to investigate the project. It is satisfactory solutions to a number of difficulties are found, the paper says firm plans will be announced in the spring. The object is to reduce the newspaper's cost to readers in the Asia and Pacific regions, to which it is currently sent by air, while making it more quickly available. Both these aims could be achieved, it believes, by using a system of instantaneous electronic transmission by satellite to a Hong Kong printing plant.

This technique, similar to the one which links the European offices, involves the beaming of impressions of each page of the newspaper from the Paris office.



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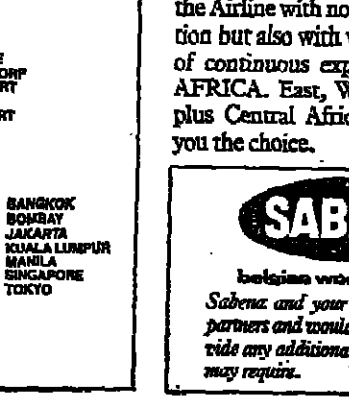
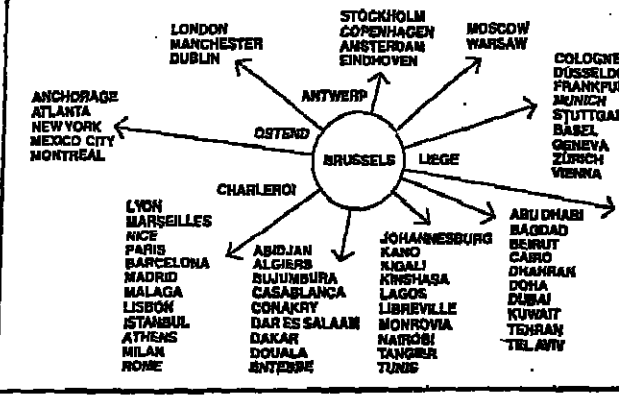
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Schmidt's visit to U.S. draws Atlantic alliance closer together

BY JONATHAN CARR IN BONN

THE West German Chancellor, Herr Helmut Schmidt, has some cause for ironic satisfaction with the current reaction to his visit to the U.S. for talks with President Jimmy Carter. The West German political opposition has stated that big policy differences remain between the two allies even after the talks. The Soviet news agency Tass has said Herr Schmidt has clearly conceded to the U.S. line on the major issues discussed, which included Afghanistan, economic sanctions against the Soviet Union, and a boycott of the Moscow Olympic Games. If the truth lies somewhere between these two extremes — and there is evidence that it does — then it is a result with which both countries and the rest of the Atlantic alliance can live.

The West Germans did not think much of Mr. Carter's initial reaction to the Afghan invasion. They felt too much attention was being paid to punishing the Soviet Union, and too little to containing the

threat to the Middle East and to the southern flank of the North Atlantic Treaty Organisation. They also believed the punitive strategy could escalate, threatening East-West exchanges — including arms limitation negotiations — and finally bringing a new cold war. West Germany, part of a divided country with a common border with the Warsaw Pact nations, has a particularly urgent national interest to see this does not happen. But it also has a vital interest in the closest ties with the U.S., without which there can be no military security and no basis for further détente. Part of the problem for West Germany since the Afghan invasion has lain in reconciling these two interests, and the Washington talks have helped.

It is now clear that the West Germans will not take part in the Moscow Olympics if Soviet forces are not withdrawn from Afghanistan, that they will agree to tighter Western rules on exporting strategic goods to

the East, and that they will not take up business with the Soviet Union which the U.S. drops as part of its embargo strategy. Few in the Bonn Government believe these steps will have much practical impact on Moscow. To that extent, the Germans have moved reluctantly towards the U.S. punitive policy line — flanking it with an increase in defence spending, as Washington has been demanding. In return, Herr Schmidt has received formal U.S. blessing for the containment strategy — in particular for economic and military aid to Turkey, although Bonn and Washington are still arguing about how much each will pay. At least as important, the U.S. confirmed that disarmament talks with the East must continue, and that the follow-up security conference scheduled for Madrid in the autumn should go ahead as planned. It is the German hope that, given this formal commitment to the wider framework of East-West contacts, the U.S.

policy of embargo and boycott will not be developed further. The Washington talks have thus underlined that, whatever the differences of emphasis, West Germany and the U.S. recognise they cannot do without one another. But that does not mean relations are as good as they might be — even leaving aside the reaction to Afghanistan.

Problems between the two countries are often personalised as dislike between Herr Schmidt and Mr. Carter. Fairly regular reports emerge about what Herr Schmidt is said to have said at private gatherings criticising the President and his policies. The truth is that relations between the two were very bad in Mr. Carter's first year of office, that they improved with his visit to West Germany in 1978 — and that there are now good working contacts between both leaders, with frequent consultation by telephone. Herr Schmidt seemed genuinely happy to be able to praise Mr. Carter's

"statesmanship" twice recently over the Iran hostages affair — although he did not comment on U.S. handling of the Afghanistan crisis. Besides, most people in Bonn expect Mr. Carter to be re-elected this autumn — and there is no marked enthusiasm on the German side for the candidates opposing him.

The difficulties go much deeper. They are partly the result of Germany's own changed position, from a former foe with a broken economy, to a largely uncritical ally, to the second-strongest member of the Western alliance using détente between the superpowers to further its national interests in the East.

This development was bound to bring new strains. There has also been a generation change. The German and U.S. officials who worked together at the time of the Marshall Plan and the Berlin airlift — and who thus shared the experience of co-operation against a clearly perceived threat — have now gone. Those who replaced them

are inclined to take a more sceptical view, not always based on personal knowledge of the country with which they are trying to forge policy. Bonn officials can cite many examples of what to them seems to be crass ignorance in Washington about German affairs. One senior U.S. official was said to be startled recently to learn that, since the Helsinki Security Conference, about 250,000 Germans from the Soviet Union and Eastern Europe have been repatriated. On the other hand, the American complain about a similar lack of German understanding of U.S. life and mentality — about rigid judgments carrying with them the unspoken suggestion that things are managed better in the Federal Republic.

Naturally there are exceptions. But this communications gap is clearly worrying the German Government more than ever. Hence Herr Schmidt's almost unceasing meetings with the Press during his latest U.S. trip, including a special tour of

the New York Times head office. Hence the recent speech by Count Otto Lamsdorff, the Economics Minister, in Los Angeles — an effort to bring German policy to more people (or perhaps just to people) on the West Coast. Hence also the increasing number of visits being paid by German politicians of all parties to the U.S. The latest is Herr Franz Josef Strauss, Herr Schmidt's main Opposition rival, who this week is meeting in New York and Washington virtually the same people, from President Carter down, whom the Chancellor met last week.

Behind all this activity is the real concern that the U.S. and West Germany might drift further away from one another, not because of this or that policy difference but because of a lack of understanding and a failure to communicate. It is a problem which Herr Schmidt's talks with Mr. Carter — useful in themselves at one level — cannot solve.



Herr Schmidt: praise for Mr. Carter's statesmanship

SIR faces threat of \$1bn fine

By Giles Merritt in Brussels

ITALY'S troubled man-made fibres producer, Societa Italiana Resine (SIR), is being threatened with a fine of more than \$1bn by the 10 other European synthetic-fibre manufacturers grouped with it in the EEC textile industry's "crisis cartel".

In a move that would make Common Market legal history, the Italian producer's partners are pressing SIR to sell \$120m worth of machinery representing excess capacity, or face fines to them that could total \$260m.

The legal basis for these levies is the man-made fibre producers' two-year-old cartel agreement. Its original, highly controversial market-sharing pact was dropped at the beginning of this year. But it is the industry restructuring agreement of the revised cartel now being scrutinised by the European Commission in Brussels that would allow the fines to be imposed.

According to textile industry officials in Paris, SIR has been told by cartel representatives that unless it agrees to accept one of the six purchase offers that have been made for the machinery, it bought for an ill-fated Sardinian venture, penalties amounting to \$2,000 per tonne of excess capacity will be sought.

Basque parties sweep election

BY OUR MADRID CORRESPONDENT

THE BASQUE nationalist party, PNV, gained 25 seats in the 60-member Basque parliament in last Sunday's elections. Extreme nationalist parties, linked to ETA and supporting Basque independence, picked up 17 seats in the poll, the first democratic election for a Basque parliament since the Spanish Republic of the 1930s.

The results constituted a major defeat for the Spanish national parties, the Socialists and the ruling Union de Centro Democratico (UCD) the government party gained just six seats, less than half of what had been forecast.

Although a month must elapse between the elections and the formation of a Basque Government, it seems certain that the PNV will form a minority government on its own, headed by Sr. Carlos Garaicoetxea, the party president. The Marxist-leaning independence coalition Herri Batasuna (People's Unity), which gained 11 seats to become the second largest political grouping, intends to boycott the parliament in the same way as it has refused to occupy its seats in the Madrid Congress.

The vote for Herri Batasuna had been endorsed by the hard-line military wing of ETA in clandestine radio broadcasts. A second Marxist nationalist grouping, Euzkadiko Ezkerra,

which acts as the political front for ETA's political-military wing, gained six seats to tie with the UCD. The Spanish Socialist party, which once had a strong base among Basque workers, gained nine seats.

Both UCD and the Socialists attributed their poor showing to a high abstention rate, as high as 43 per cent in the densely populated Vizcaya province. Fear may well have kept national party supporters away from the polls, as certain leaders indicated, but apathy was also a cause as this was the seventh poll in the Basque country in just over four years.

The strong showing by the nationalists and the pro-independence parties, along with the collapse of the national based organisations, means increasing strain on the tenuous relationship between the central government and the Basque country. Two delicate issues will come to the forefront: the phased withdrawal of Spanish police from the Basque country and a form of amnesty for ETA men in jail or in exile, as part of a deal to end the violence.

The PNV will press for an increasing transfer of power from Madrid to the Basque parliament and government and will be unwilling to strike bargains with the central government, even if it wished to, for fear of losing ground to the radical nationalists on its left.

Government studies bank rescue proposals

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government is studying ways of improving the existing machinery for coping with banks in difficulties. The matter is of growing concern since several banks are known to be in financial trouble and there is a general reluctance among the banking community to see the "bank hospital" — the Corporacion Bancaria — strengthened.

The main mechanism being studied is a substantial increase in the Deposit Guarantee Fund. This was set up in November 1977 to guarantee depositors up to Pta 500m (£3.3m) each, but was funded on a one-off basis. The suggestion now is that this fund be enlarged and an annual

quota paid on the basis of 0.1 per cent of each bank's total deposits.

The matter was first studied last autumn. Initially it was proposed to enlarge the Corporacion Bancaria. This institution was set up in early 1978 on a 50-50 basis between the then 108 commercial and industrial banks and the Bank of Spain, with a capital of Pta 500m. Since then, four banks have been taken into the "hospital" where they are being administered and reshaped with a view to eventual sale back to the private sector.

The banks generally opposed enlargement of the Corporacion for two main reasons. First,

it threatened to create too large an entity out of the Corporacion Bancaria, and second, funding the move would be difficult to sell to shareholders. The banks were also cool to the idea that the Bank of Spain should subscribe to a capital increase of the Corporacion. This was regarded as a form of nationalisation.

Broadening the scope of the Deposit Guarantee Fund has thus come to be seen as the most viable alternative. The proposal is that, through an annual quota, funds will be available not merely to protect depositors but to help the ailing bank revive or to assist another bank to take it over. This scheme is being held up by

difficulties in activating the enlarged fund.

Early introduction of this scheme is considered vital. This year the Bank of Spain has issued tough regulations on the presentation of accounts which for the first time, will make losses difficult to conceal. The main cause for the difficulties of the troubled banks has been the cumulative effects of recession, high (and illegal) interest rates offered to capture deposits, over-exposure on the inter-bank market, and a high proportion of business conducted between associated companies. There are currently eight legal proceedings involving people connected with banks in the Corporacion Bancaria.

Finnish paper union accepts wage offer

By Lance Keyworth in Helsinki

THE FINNISH paper-workers union, one of the key industrial unions, has accepted an employers' offer on a labour contract. Wages and fringe benefits will be increased in two steps in March and October, and the settlement is equivalent to a 9.5 per cent rise in annual earnings.

Most unions seem to have accepted a 9-10 per cent increase as the target for the next 12 months.

Concern is now centred on the 20 per cent increase demanded by the farmers in the form of higher prices for their products and increased subsidies.

'1979's profits are a welcome and necessary provision for difficult times ahead'

Extracts from the statement of the Chairman, Sir Jeremy Morse, in the 1979 Report and Accounts of Lloyds Bank

Although 1979 was an ominous year for the world economy, it was a profitable year for Lloyds Bank. Profits before tax of the Lloyds Bank Group showed real growth over 1978 at £277 million, up 49% — marginally below UK inflation of 13.4%.

Tax took £93 million and dividends £24 million, so profit retained to finance the further growth of the business was 49% up at £162 million. Even this was barely enough to maintain the real value of the capital on which we base our lending.

The renewed upswing in inflation initially increases the profitability of our retail banking, in which we serve private and corporate customers through our network of branches at home and abroad. The last upswing in 1973 produced a similar increase in profits which attracted criticism from those who did not allow for the hard times to come in the years that followed.

In 1979 we came round to the same point in the inflationary cycle.

The Bank of England raised interest rates, but the economy was still growing. This temporary combination produced a beneficial rate of return.

We are now suffering inflationary rises in salaries and other costs and, as the cycle progresses and the economy moves into recession, interest rates will come down and there will be pressure on customers' borrowing.

So 1979's profits are a welcome and necessary provision for difficult times ahead.

Looking into the 1980s, we cannot be sure of the continuance of this cyclical pattern. If the battle to defeat inflation is won and interest rates come down well into single figures, the profitability of our UK retail business would be hard hit: our costs would stop rising, but — unlike other businesses — our income would actually fall.

If, on the other hand, inflation continues or even accelerates, we could face the new danger of a decline in saving and a move of deposits away from current account to interest-earning accounts.

To offset the risk of one or other of these developments, we have been pushing on with the parts of our business which are less dependent on interest rates, particularly international and 'wholesale' banking. We have continued to expand our merchant banking activities at home and abroad, and have opened new branches or offices in Germany, Italy, Canada, the USA and Colombia.

Competition in the world's money markets in 1979 was intense and margins were low. Like many British firms which do business overseas, our international profits suffered from the high level of sterling. So the contribution of international business to our pre-tax profit fell back from about 45% in the two preceding years to about 30%.

Finally, the figures quoted here have not been adjusted for inflation. When re-stated to allow for inflation in the form recommended by the British accounting profession, the profit retained in the business can be seen to be over £100 million less.

Lloyds Bank has 2,362 branches throughout the United Kingdom and there are now in 44 countries 302 branches and offices of the Lloyds Bank Group, including those of Lloyds Bank International, The National Bank of New Zealand and Lloyds Bank California.

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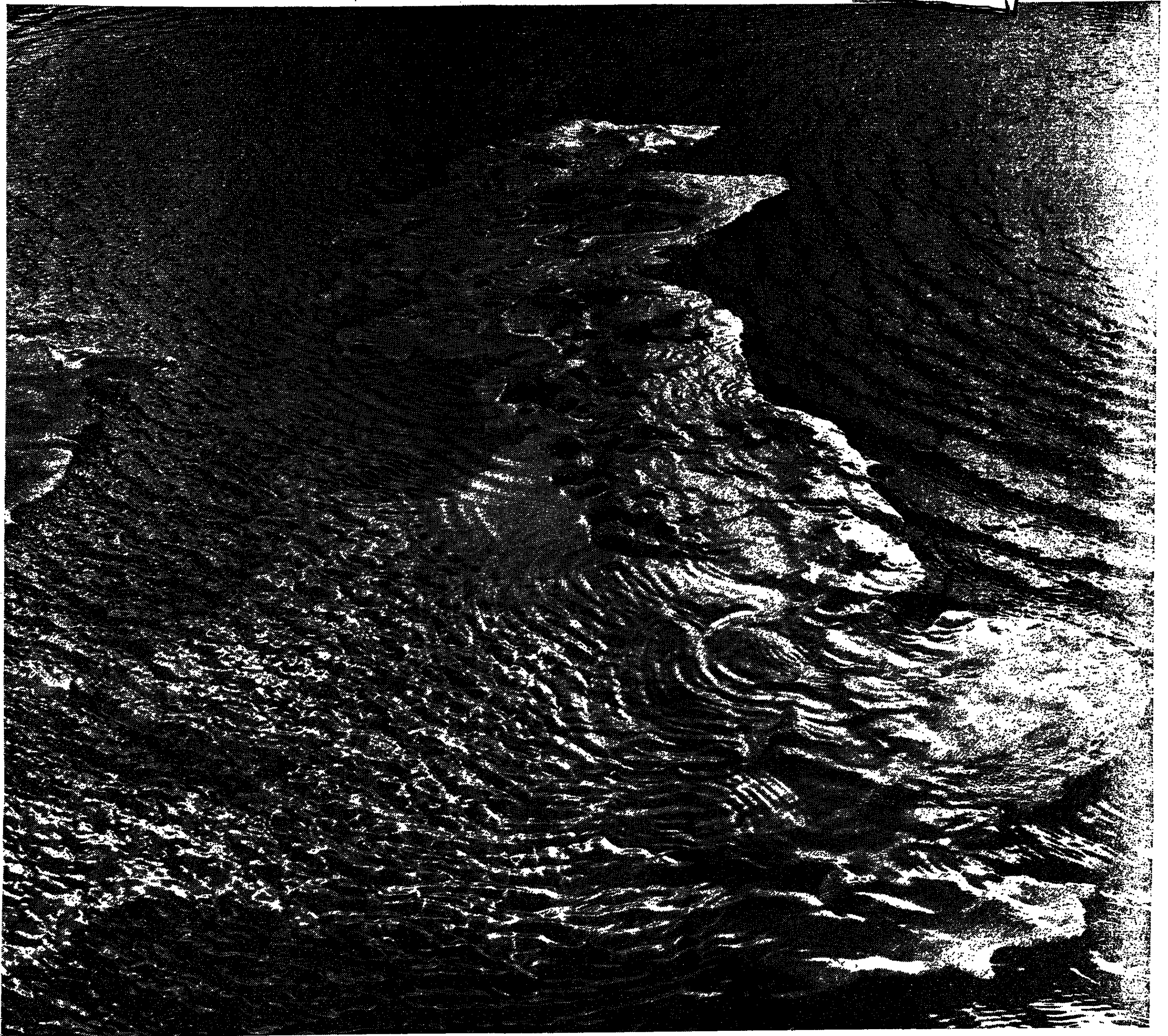
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AMERICAN NEWS

U.S. mortgage rate rises to record level

BY STEWART FLEMING IN NEW YORK

THE COST of borrowing for U.S. home-buyers was increased yesterday when two of the largest savings and loan associations raised their prime rates, one to 16 per cent and the other to 16½ per cent, a record.

The increases are the third in the past two weeks for the institutions, American Savings and Loan and Home Savings and Loan. They carry a stage further the unprecedented rise in the cost of housing finance since the Federal Reserve Board raised its discount rate from 12 per cent to 13 per cent on February 13.

The rapid rise in financing costs, and the resulting

problems facing both borrowers and lenders, are threatening the U.S. housing industry with perhaps its worst recession since the Second World War.

It is clear that the savings and loan associations are joining the mutual savings banks in virtually ceasing to make new lending commitments. Instead they are placing new deposits into high-yielding money market instruments such as certificates of deposit.

Mr. Ken Thygeson, chief economist at the U.S. League of Savings Associations, the industry's trade association, said yesterday: "The rise in mortgage rates has reached

levels at which many lenders are basically closing their lending windows. They are trying to scare off borrowers and avoid making new commitments."

Mr. Thygeson forecasts that the housing industry will build only about 1.2m new dwellings this year, down from 1.8m last year and 2m in 1978.

Mr. Michael Sumichrast, chief economist at the National Association of Home Builders, says that unemployment in the construction industry is around 550,000, due, in part, to rising interest rates on housing as well as other property construction. He adds that he is expecting unemployment to rise to 1m this year.

Bid to cut defence budget

By David Buchan in Washington

THE CARTER Administration is studying the new defence Budget proposals, for savings to help shrink the 1980-81 Budget deficit. The move is being taken on Congressional leaders' advice.

At the same time, the President's foreign policy and security advisers have been urging that as few cuts as possible should be made in the 1980-81 defence Budget, which Mr. Carter proposed in January.

Mr. Carter proposed in January that the defence Budget should be increased by a real 3.3 per cent to \$142.7bn (\$64bn).

They argue that cuts would be seen as a sign of weakness by the Russians, as well as by America's NATO allies, who have been asked to increase military spending by a real 3 per cent a year.

The Administration has been told by Capitol Hill leaders, in a series of meetings which continued yesterday, that balancing the 1980-81 Budget—perhaps by \$15bn in spending cuts and a \$4bn-\$5bn tax increase—would be politically impossible, if no sacrifices were to be made in defence.

Officials at the Office of Management and Budget said yesterday that one possible compromise was for the Defence Department to be allowed to keep its original budget total, but for any extra money it needed during 1980-81 to be met out of savings elsewhere.

Administration officials have warned that without a SALT-II treaty with Moscow, the U.S. would have to spend more on nuclear weapons. Coincidentally, interest is reviving inside the Administration in trying to get Senate approval for the treaty later this year.

The reasons are partly political—the President now looks likely to be the Democratic Presidential nominee in the autumn, and the challenge by Senator Edward Kennedy, though by no means over, is looking a little forlorn.

It is also argued that further delay into 1981 in ratifying the treaty may make the agreement unacceptable to the Russians, who might then want to re-negotiate the whole package.

WORLD TRADE NEWS

Japan group signs \$900m LNG deal

BY RICHARD COWPER IN JAKARTA

A CONSORTIUM of Japanese buyers known as JILCO has signed a contract with Indonesia's State-owned oil company, Pertamina, to supply the group with an extra 3.4m tonnes of liquefied natural gas (LNG) over the next three years.

At current prices the deal is worth more than \$900m (\$408m) to Pertamina, but with the price of LNG in the deal tied to that of oil, it should work out at more than \$1bn.

JILCO—a consortium made up of Nippon, Iwai, Chubu Electric, Kansai Electric, Nippon Steel, Osaka Gas and Kyushu Electric—already has two 20-year agreements for supplies of about 7.5m tonnes of LNG from Pertamina each year.

Although it is not yet clear who will get the contract for shipping the gas to Japan, it seems that the new deal has

been negotiated on a free-on-board (fob) basis as opposed to the cif deal agreed for the earlier 20-year contract.

Responsibility for shipment would thus be moved out of Pertamina's hands and become the concern of the buyers, in which case it is thought likely that a Japanese company, or companies, would land the shipping contract. At present, Pertamina has a 20-year deal with Pertamina for transporting existing LNG shipments to Japan.

The new contract, which has been kept a closely guarded secret, was signed last September and is due to run until 1982. The deal reflects Japan's growing interest in LNG as a long-term energy strategy which calls for reduced dependence on oil and increased use of gas for electricity

generation and domestic gas production.

Last year, more than 40 per cent of Japan's LNG imports came from Indonesia and the new contract is likely to increase this to about 45 per cent by the end of this year, according to an expert in LNG sales.

The announcement of this new Indonesian-Japanese contract comes on the heels of last Saturday's deal by Pertamina, the national Indonesian news agency, that Indonesia had signed a deal with Japan's leading utility company, Tokyo Electric, for the purchase of six shiploads of LNG, each containing 125,000 cubic metres and thought by experts to be worth about \$100m.

The Tokyo deal is a one-off contract which is due to finish by the end of this year. It was the first time that Japan's

leading utility had bought LNG from Indonesia.

The LNG for the Tokyo and JILCO deals will come from existing facilities at Arun in Northern Sumatra and Bontang in East Kalimantan, both of which are producing all the LNG that was originally contracted for by JILCO in 1974.

For Indonesia, LNG is its fastest growing foreign currency earner. Fortunately for the country, as crude production has declined over the past few years, LNG has come on stream. The Bontang facility, which has two trains came on stream in August 1977 to be followed by the three-train Arun facility in September 1978. Although these plants have an official capacity of only 7.5m tonnes a year, they are working at about 15 per cent above nameplate capacity.

Ford pay deal 'broke guidelines'

BY IAN HARGREAVES IN NEW YORK

FORD MOTOR violated the Carter Administration's wage-price guidelines by its wage settlement last autumn with the United Autoworkers union, the Council on Wage and Price Stability has decided.

The ruling technically exposes Ford to possible exclusion from Federal Government contracts—a move which would be highly damaging to Ford at a time when it is losing money heavily on its U.S. car operations.

It is more likely, however, that Ford and the council will reach some agreement on com-

pensatory price restraint to avoid retaliation. This was the case with General Motors, whose settlement was also ruled to be in breach of the guidelines.

The council's powers to bar violations from Federal contracts has so far not been used, although 14 companies, all of them small, are listed as being liable for Government retaliation.

Unless Ford can work out a deal with the council this week, it will join that list and the administration will then have to decide whether it wishes to

make an example for the country's second largest motor manufacturer.

Ford contends that its settlement, which was very similar to GM's, was in compliance with the 7 per cent annual wage and benefits guideline.

Chrysler, the third largest motor manufacturer, was also originally ruled to have broken the guidelines, but the council has now decided that the cuts in the pay award made as part of the terms of congressional support for the company have brought the settlement within the rules.

Duarte joins Salvador junta

SAN SALVADOR—The Christian Democratic Party has elected its leader, Sr. Jose Napoleon Duarte, to fill the vacant seat on El Salvador's ruling five-man civilian-military junta.

Sr. Duarte is a political moderate with perhaps the largest public following of any party member. He replaces Sr. Hector Eliez Dada, who resigned last Monday.

Low poll in Colombia

BY SARITA KENDALL IN BOGOTA

LESS THAN a third of the Colombian electorate is thought to have voted in the mid-term local elections on Sunday, despite constant urging to do so by Colombian officials and political leaders who are concerned by the chronic apathy shown at election time.

These appeals were coupled with calls from both leading parties, the Conservatives and

the ruling Liberals, for voters to demonstrate their faith in democracy to the guerrillas who have held several ambassadors hostage in the Dominican Republic embassy here for nearly two weeks.

Though full official figures are not yet available it appears that younger, more progressive groups in the Liberal Party have gained ground at the expense of the party's traditional sectors.

Jurek Martin in Miami assesses today's Southern primaries

Acid test for Republicans in Florida

WITH Congressman John Anderson looking north, Mr. John Connally looking back, and former President Gerald Ford looking both inwards and outwards, the three Republican southern primaries today in Florida, Alabama and Georgia have narrowed to one question: can Mr. George Bush do anything to derail the speeding Ronald Reagan juggernaut?

For the Democrats, it is assumed that President Jimmy Carter cannot lose either his native Georgia or Alabama to Senator Edward Kennedy, and will win most of the delegates available in the three states.

But Florida in particular constitutes yet another test of national tolerance for a struggling President and his much criticised management of the economy and foreign affairs, especially among this state's large Jewish population after the fiasco of the United Nations vote on Israel. It also sees yet another test of the apparently widespread feeling that, although Mr. Carter may be unloved, Mr. Kennedy is positively distrusted.

If Mr. Bush has a chance in the South it must rest here in Florida, where 51 of the convention delegates will be selected.

LESSON FOR KENNEDY

THE political demise of Mr. John Connally, who retired from the presidential race on Sunday after eliciting scant responses anywhere in the country, despite spending over \$10m, provides a few lessons.

One is that big business, which invested so heavily in his candidacy, is still deficient in political judgment. Another is that a presidential aspirant must offer more than merely looking, and sometimes speaking, the part.

But the great lesson is that

Americans do have political memories. Mr. Connally failed because of his past, not his present. Too many people recall that he was a political turncoat, that he was closely tied to former President Richard Nixon, that he has always worn flamboyantly his wheeler dealer clothes and that he was charged though acquitted, in the Milk Fund bribery scandal in the early 1970s. Similarly, it is the past not the present, which is haunting Senator Edward Kennedy.

Only in his northern section is Florida typical of the conservative Deep South which is supposed to be Reagan territory. Elsewhere, its voting patterns are determined more by the origins of its immigrants than by indigenous passions and beliefs.

In a mere 30 years, the population of Florida has quadrupled and now stands at over 8m, making it the seventh largest state in the Union. The great influx of those seeking a future in the sun or comfortable retirement has been from

the suburbs of the old Northern cities, with a substantial spice in the past 20 years in the form of expatriate Cubans. It is now a truly heterogeneous state, and Mr. Bush claims he is a truly heterogeneous candidate.

Reflecting the composition of the state, Florida in recent years has provided a major political test for presidential candidates.

But, in the final event, the Florida primary has been notable for the absence of candidates, except Mr. Reagan and Mr. Bush. Senator Kennedy

has been in the State for one day this year, a total exceeding that of his two rivals, Mr. Carter and Governor Jerry Brown. Mr. Reagan has made it for 12 days. Mr. Bush for eight (both less than they devoted to New England), and Mr. John Anderson not even once. Mr. Ford plays golf here a lot, but even radio and television carry few political commercials.

And yet Florida is still significant for the aforementioned reasons. After Mr. Reagan's early loss in the Iowa caucuses, he has asserted both his conservatism and his political appeal inside the Republican Party as the gloss has been slowly taken off Mr. Bush's shining armour of enthusiasm. Mr. John Connally's withdrawal is more likely to help Mr. Reagan than Mr. Bush, while moderate Republicans, who prefer Mr. Anderson and, before he quit last week, Senator Howard Baker, seem increasingly unimpressed with Mr. Bush.

If this seems to leave a gap for Mr. Ford, it is one he must fill quickly and decisively, and one which would require him to undertake a far more bruising battle with Mr. Reagan than the one he barely survived four years ago. It is not yet clear if he has the stomach for it.

Vauxhall to import Isuzu truck

By John Griffiths

VAUXHALL MOTORS in the next few months is to begin importing pick-up trucks from Japan for sale through its Bedford commercial vehicles network.

A one-ton pick-up truck made by Isuzu Motors, one of Japan's smaller manufacturers which is 34.2 per cent owned by Vauxhall's parent, General Motors, is to be sold in Britain as the Bedford KB 25.

The market for these small, open backed and often car-based trucks is small—about 8,000 units in Britain last year—but is believed to have grown quite quickly in the past few years. It is already dominated by Japanese imports and Bedford said yesterday the KB25 was regarded as a useful addition to its dealers' range in a market area where it was "out of the question" to develop a British-built vehicle to cater for such small sales volumes.

Vauxhall, commenting on reports from Tokyo yesterday that the vehicles would be shipped to Britain at an initial rate of 1,000 a year, said no firm sales targets for this year had been set.

Nissan orders locks from UK

By Kenneth Gooding

NISSAN MOTOR of Japan has placed a contract for steering column locks with Neiman Security Products of Blyth, Northumberland.

Neiman is a major supplier of the locks to BL and Mr. Derek Griffin, managing director, said yesterday that the connection with BL helped win the order.

The steering locks will be fitted to new Datsun models to be introduced in the autumn this year and for export to the European markets. Nissan will take a minimum of 200,000 locks in the first year.

Nissan is part of a family-owned Paris-based group with an annual turnover equivalent to £100m. The German and French Neiman companies are already supplying both car and motor cycle groups in Japan but Mr. Griffin stressed that it was "the ability of the English company to design and offer the product at a competitive price which was particularly pleasing to Nissan."

Kuwait urges Malaysia oil swap

KUALA LUMPUR—Kuwait has proposed a crude oil swap arrangement with Malaysia, the national Malaysian news agency Bernama, said in a report from Kuwait.

The agency report Mr. Razaleigh Hamzah, Malaysian finance minister now visiting Kuwait to discuss oil supplies, as saying Sheikh Ali Khalifa al-Sabah, Kuwait Minister of Finance, made the proposal in principle.

Mr. Razaleigh said Malaysia initially proposed buying 10,000 to 20,000 barrels a day of Kuwaiti crude for domestic refining. Kuwait replied that it was already heavily committed.

Mr. Razaleigh said that the details of the proposed exchange

are as yet unclear but as he understood it, Malaysia would exchange its lighter crude, which is sometimes not suitable for its own consumption, for part of the heavier Kuwaiti crude intended for third parties.

Malaysia would then make up the reduction of the Kuwaiti shipments to these countries by exporting its crude to them.

According to latest official statistics, Kuwait provided 46 per cent of Malaysia's oil imports in the first ten months of 1979. Malaysia exports nearly 90 per cent of its light crude and imports heavy crude at lower prices for its domestic refineries.

Meanwhile, Sheikh Ali has

denied that Kuwait had asked Japanese oil companies negotiating an oil deal to pay \$10 more than the current price of \$27.50 a barrel, according to the Kuwaiti newspaper Al Watan. It also quoted him as denying the negotiations had stopped because of the companies' refusal to pay the extra amount.

Sheikh Ali, who was denying reports from Tokyo, said officials from the Japanese companies were in Kuwait, and more were expected to arrive shortly. The identity of the Japanese companies and the amount of oil under negotiations was not disclosed.

Reuter.

Greek ship orders for Soviets

ATHENS—Greek shipowners, at one time Japan's leading customers for new ships, have slowly switched to East European and Soviet shipbuilding yards, the Greek shipping magazine, Natilikaki reports.

In 1979, 20 of the 46 new vessels of over 6,000 dwt contracted for by Greek companies, went to yards in Yugoslavia, the Soviet Union, East Germany and Romania. It states, Japanese yards, for two decades the chief suppliers of new tonnage to the

Greek fleet, picked up nine orders during the 12-month period and yards in Western Europe only five, it adds.

Two factors appear to have played a role in this significant switch to East European and Soviet shipbuilding yards, according to the monthly magazine. One was the attractive per ton prices which Greeks have been able to negotiate with the state-run yards eager to pick up dollar business. The other was the tough attitude Japanese

yards took toward all but the most credit worthy of Greek shipping companies after payment and delivery problems were run into with a number of Greek clients during the post-1974 shipping crisis.

East European and Soviet shipyards, according to statistics, cornered over 600,000 dwt of new orders from Greek owners in 1979 including contracts for six chemical tankers, four product tankers and six dry cargo vessels.

AP-DJ

BCal purchases DC-10 for £20m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN Airways has ordered an eighth McDonnell Douglas DC-10 jet airliner, worth about £20m.

The airline will use the aircraft on its long-range routes between Gatwick in the UK and West Africa and South America, and to the U.S.

British Caledonian already has four DC-10s, with another three due for delivery in April, July and October this year.

British Caledonian already serves Houston, Texas, from London, and is authorised to

start flights between London and Dallas-Fort Worth in Texas, and Atlanta, Georgia, later this year. It is also licensed to provide services to St. Louis, Missouri, from April 30, this year, and to Denver, Colorado, from April, 1983.

Total orders for DC-10s to date amount to 356 aircraft, with another 31 conditional orders and options, making 387 aircraft in all.

Orders for 24 more 727 short to medium range jet airliners, worth more than \$406m

(£182m) have been announced by Boeing of the U.S.

Eastern Airlines of Miami has ordered 16 of these Trijets worth more than \$270m, making it the second largest customer for the Boeing 727 with a fleet of 167 of the aircraft, after United Airlines, with 230.

In addition, Pan American World Airways has ordered eight more 727s, worth about \$136m.

A total of 1,773 of the aircraft have been ordered, of which 1,581 have been delivered.

Tony Walker in Peking reports on China's first 747s

Flight path uncertain

CHINA'S national airline, CAAC, has taken delivery of the first of three Boeing 747 Special Performance jets. The 747 SP is a shortened version of the Jumbo and is capable of non-stop flights of more than 10,000 kilometres with a full load of 291 passengers.

As with the original Boeing 707, purchased in the early 1970s the Chinese paid cash for the new wide-bodied jets. The \$180m deal included spares and training for the Chinese crew.

The addition of the wide-bodied jets to the CAAC fleet gives China's national carrier a versatility it has been lacking. Apart from the 10 Boeings, CAAC has had to rely on short to medium range British Trident and Viscounts and Russian Ilyushin and Antonov aircraft. However, countries negotiating aviation agreements with China say they have no clear idea what CAAC plans to do with its new wide-bodied jets. It has previously announced scheduled flights to Paris and Tokyo which are expected to begin after April 1 using the new aircraft. But other destinations depend on airline agreements China is still negotiating with a number of countries.

However, now that the Chinese have taken delivery of the first new Boeing—another will follow in June—there is more incentive for China to reach quick agreement on new routes. Although negotiations with the U.S. are still in their early stages it is likely that an agreement for regular services to an American city will be reached fairly soon.

The delivery of the wide-bodied jets also makes it likely that CAAC services to London will start this year. A trade official at the British Embassy said that while an agreement for CAAC to fly to London was signed during chairman Hua's

visit to the UK last year, no date has been set for the inaugural flight.

British Airways is waiting for the go-ahead from the Chinese so that it can begin its own service to Peking. BA had planned to start flights in April.

The CAAC (Civil Aviation Administration of China) is as bureaucratic as its name suggests. Its officials are reluctant to discuss future plans even with those representing foreign airlines in the Chinese capital, suggesting that CAAC itself is in a state of confusion about how

pean routes, it would release some of the Boeings for work closer to home. Apart from a twice weekly flight to Manila, CAAC has no flights to other South East Asian capitals.

With the large overseas Chinese population throughout the region it would make sense for CAAC to run regular services to such places as Singapore and Thailand. And an agreement may well be reached this year for an exchange of services with Singapore Airlines and Thai International. The long range Special Performance Boeing 747s will allow



Two of China's top pilots demonstrate their skills on a 747 flight simulator.

China to take advantage of any exchange agreement with the Americans. The aircraft is ideally suited to the long distances involved in flights across the Pacific. CAAC would undoubtedly be attracted to servicing an American airport because of the large number of American businessmen and tourists now travelling to China. Pan American, which is keen to start services to China, is using Boeing 747 SPs on its trans-Pacific flights from the American West Coast to Hong Kong.

Special message for Little Havana voters

BOTH Mr. Ronald Reagan and Mr. George Bush put their constituents on the line on Sunday as they campaigned in the throbbing clamour, vivid colour and blistering heat of the Calle Ocho (8th Street) festival in Miami's "Little Havana."

Their appearances were tailor made for television; in fact most of the thousands attending the festival probably never saw the candidates, hidden as they were in a moving thicket of cameramen and photographers.

It was all a bit much for Mr. Reagan who retired to his air-conditioned car from the maddening crowd after walking only one city block. The younger Mr. Bush, unless and suitably wearing a Caribbean shirt, lasted for two frantic hours.

The Cuban expatriates form an important political and economic local force. They have done much to revive a rundown part of Miami; apparently united in opposition to President Fidel Castro—and with the daily reminder of the Bay of Pigs monument standing in the heart of Little Havana—their politics tends towards the very conservative.

Mr. Bush's standing with the Cubans is good because he is a former director of the Central

Intelligence Agency who says that the CIA should be freed from domestic political restraints. Many of the Cubans remember only too well how the politicians abandoned them at the Bay of Pigs in 1962.

But Mr. Reagan is not to be outdone. He has already called for a U.S. blockade of Cuba and, addressing the local Spanish-speaking Press on Sunday, he said he thought that successive U.S. governments had "harassed" those who very properly were trying to get Cuba out from under Castro's Soviet thumb.

This prompted an immediate outburst from the travelling media who had been asked to stay quiet during the Press conference. Could Mr. Reagan cite chapter and verse of this harassment? Did it mean he was condoning terrorism if applied against Castro? The candidate hummed and hawed and skirted round the problem. But he knew he had got his message across in Little Havana. The Reagan message is in fact becoming increasingly hard-line. Later in the day, at a Press conference in Fort Lauderdale, he said he had it on the best authority that West Germany, disenchanted with American leadership and under



Mr. Reagan and his wife Nancy at Calle Ocho festival.

great pressure from the Soviet Union, was thinking about leaving NATO and casting its lot with the Eastern bloc. Pressed again, he offered only vague justification for his statement.

Mr. Reagan is clearly much more at ease now that he is free to say what he deeply feels. But the suspicion persists that some of his remarks will return to

haunt him sooner or later. The obvious explanation lies in his purge of his erstwhile, knowledgeable campaign manager and guru Mr. John Sears, who would never have allowed the candidate to get into such controversial deep waters.

Now the only check on what Mr. Reagan says is himself, and in the political cocoon in which of necessity he lives he only sees favourable responses.

Nimslo wins £2.7m aid to make 3-d camera

BY RAY MAUGHAN AND RAY PERMAN

NIMSLO HAS won Government assistance to set up production of its three-dimensional camera at the Timex Corporation plant, Dundee.

Mr. Alex Fletcher, Minister for Industry at the Scottish Office, said yesterday that the Government is making available grants of £2.7m for manufacture of quadralens cameras in the Scottish city.

The Scottish Office is granting £1.8m under Section 7 of the Industries Act, 1972; a further £900,000 will be provided through regional development grants. Total cost of the project will be £2.7m.

Nimslo, the UK subsidiary of Nimslo Technology of Atlanta, Georgia, intends to create 850 jobs in Dundee during the next four years, and expects to start production next year.

The camera is expected to retail at about £90 in Britain. It is part of the complete print material and processing system of three-dimensional photography devised by Dr. Jerry

Nims and Mr. Allen Lo. Ten years ago the partners formed a development company, Nimslo Technology, based in Atlanta. In 1978 British institutional investors subscribed about £3m for a 40 per cent holding in the new UK subsidiary, Nimslo.

The group expects output from Dundee to reach 100,000 to 200,000 units next year. Output is expected to rise tenfold by 1985. By then Nimslo hopes to have captured 3 to 5 per cent of the world still photograph market.

"One of the major reasons for the Government supporting this project," Mr. Fletcher said, "was the benefit in employment terms. Dundee has had more than its fair share of problems in the recent past and unemployment is currently running at 9.9 per cent."

Timex was one of the largest camera manufacturers in the world, producing 40m units since 1952, 14m of them in Scotland.

It made cameras for Polaroid in Dundee until last year, when Polaroid decided to enter UK production on its own. About 800 employees produced these cameras when output was at its peak.

Mr. Graham Thomson, who will direct Timex production of Nimslo cameras, said the contractor's major concern was job-retention over the next few years.

Nimslo first indicated its interest in manufacturing in Scotland to a team from the Scottish Development Agency. The team was visiting Atlanta during a tour of the U.S. last spring, aimed at securing new investment.

Timex, one of Dundee's largest employers, has been looking for new activities for its skilled engineering labour force. This work force is becoming less involved in watch-production because of the shift from mechanical to electronic movements.

Mr. Fletcher said: "Nimslo considered a number of potential locations all over the world for manufacture of the new camera."

"The final choice of Timex is an endorsement of the Dundee company's fine engineering record and the excellent performance of the management and workforce."

Investors 'deterred by tax structure'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

BRITAIN is losing out in trying to attract investment from abroad by the widespread misconception that companies pay the full 52 per cent corporation tax, Mr. Lewis Robertson, chief executive of the Scottish Development Agency, said yesterday.

Giving evidence to the Commons select committee on Scottish affairs, which is investigating industrial promotion, he said that the UK tax structure looked particularly unfavourable, when compared to the Irish scheme, which offered a tax-free holiday on export profits.

"We suffer because we persist in saying that there is a 52 per cent corporation tax rate, although mighty few companies with good financial directors actually pay that. In our efforts overseas, we have to labour to make that point."

After deducting allowances for stock appreciation and other items, the average tax paid by companies was about 16 per cent.

The package of financial incentives offered to companies as an inducement to invest in Britain was a very important factor in industrial promotion. Companies should take a long view of their likely performance in various locations, considering such factors as infrastructure, communications, and the availability of skilled labour. But modern accountancy techniques, such as discounted cash flow, put the emphasis on the first years of a plant's operation and the initial start-up costs.

Mr. Robertson was asked about the substantial tax concessions being offered by the Irish Industrial Development Authority to such companies as General Electric, which, as

reported in the Financial Times on Friday, is shortly to make a final decision on whether to establish an industrial diamonds plant in Ireland or Scotland.

Questioned

He replied that there was increasing debate within the Irish Republic about the bidding up taking place to attract investment, and it was being questioned whether the price paid represented value for money.

Mr. Jim Gorie, the SDA's promotions director, said that, for a recent project which had been lost to Ireland, it had been calculated that the extra financial benefit of locating in Dublin rather than in Glasgow would be \$5m in the third year of operations.

A written submission to the select committee revealed that the SDA target is to attract 10 new companies each year to Scotland from 1981-82 onwards, compared with only 13 which moved into the country in 1978 and 1979.

"Failure to meet the target suggested will have serious long-term consequences for Scotland's industrial base, and will prevent the creation of important job opportunities for many people," the document added.

Engineering employers in Scotland are becoming alarmed at the success foreign companies and governments are having in recruiting skilled labour to work abroad.

Mr. Bill Munro, director of the Scottish Engineering Employers' Association, said yesterday that he had been horrified to hear that a recruitment drive by South Africa was in progress with a target of signing up 1,000 workers.

N. Ireland is chosen for computer plant

BY OUR BELFAST CORRESPONDENT

THE POST Office has decided in principle to set up a computer software engineering centre in Northern Ireland to service its communications network throughout the UK.

About half of the anticipated 400 jobs will go to graduates.

Belfast's growing reputation in the micro processor and engineering software fields is the Post Office's reason for siting a Systems Software Engineering Centre in Northern Ireland. The specific location will be chosen in consultation with the Northern Ireland Department of Commerce.

The centre will employ about 40 qualified staff during the first year, rising to 200 within five years. An equal number will be employed in support roles.

The Post Office said that Queen's University, Belfast, the

New University of Ulster, at Coleraine, and the Ulster Polytechnic were all producing graduates who showed potential for the type of work it envisaged. Graduates qualified in electronics, electrical engineering and computer sciences will be trained within the Post Office telecommunications organisation.

The Commerce Department believes the move adds credibility to its claim that the region can offer the high level of technical skills needed by the micro-electronics and computer industries.

Mr. Giles Shaw, the Parliamentary Under-Secretary responsible for industry, said it was "just the type of economic activity" which Northern Ireland needed in order to broaden its industrial base.

U.S. company may make silicon chips in Britain

BY ELAINE WILLIAMS

AMI, a U.S. electronics company, is considering setting up a factory in Europe to make semiconductor silicon chips. Britain is a favourite site.

Mr. Glenn Peniston, chairman and president, announced the interest in a European factory yesterday, at the opening of the company's "European" headquarters and technical centre at Swindon.

Tentative talks have been held with development agencies in the UK, France and Germany. But Mr. Peniston said the decision when and where to site the factory would depend on the growth of European demand for silicon chips.

European sales are expected to increase by an annual compound rate averaging 43 per cent by 1985, according to the company.

In 1975 Bosch, the West German car components company, bought 25 per cent of AMI when it fell into financial difficulties through losses in calculators and digital watches. Borg-Warner, the U.S. automatic transmissions manufacturer, later bought half the Bosch stake.

The staff at Swindon is likely to double within a year. AMI is to concentrate on making custom-designed circuits for consumer telecommunications and data-processing.

AMI has a backlog of orders worth \$79.3m, representing eight months' worth of sales. To help cut this the company has introduced a computer design system which it says reduces design time by half.

This system will be available in the UK next year.

SUE CAMERON ON THE DEBENDOX DILEMMA

When doubts can damn a 'safe' drug

SALES OF Debendox, the drug designed to stop vomiting during pregnancy, have dwindled to almost nothing in the UK during the last two months because of publicity which has questioned the product's safety.

Debendox is manufactured by U.S.-based Richardson-Merrell, and is believed to contribute about £700,000 a year to the company's UK turnover—roughly 10 per cent of the total—so the company's profits are likely to be harmed. Yet the evidence against Debendox is extremely tenuous.

Another drug currently under media attack is Valium, produced by the Swiss company Hoffmann-La Roche. Since the drug was accused of being highly addictive, it is thought that sales of some Roche products have dropped by around 20 per cent over the past three months. The company says there is medical evidence that only one patient in every five million becomes dependent on Valium.

The pharmaceutical groups say the controversy over the two medicines illustrates the disproportionate effect television and the Press can have if they cast suspicion on a drug. They argue that reports about drugs too often degenerate into scare stories that harm patients as well as making unjustifiable inroads into company profits.

Companies like Roche, Richardson-Merrell and Lilly Industries say consumers are

in a peculiarly weak position to judge a drug's safety. They have to rely on the evidence of others in whatever form it is presented.

Because people are anxious to avoid becoming drug addicts or giving birth to deformed babies, the slightest doubt about a medicine's safety can be enough to damn it. The big pharmaceutical companies say the benefits of a drug are usually forgotten after the first hint of adverse side-effects.

Debendox has been accused of causing a rare deformity—Poland's anomaly—in children whose mothers have taken the drug during the early stages of pregnancy. The parents of a boy born with the disease are suing Richardson-Merrell for \$10m in the U.S.

Average

The drug has been available for 22 years and more than 30m women have taken it. Richardson-Merrell says the average incidence of deformed babies born to people who have taken Debendox is 2 per cent—the same as for all births.

The U.S. Food and Drug Administration—normally first in the field to question any product's safety—appears to be satisfied that Debendox does not increase the risk of a deformed baby being born.

The UK Committee on the Safety of Medicines examined the drug in 1978 and again in February last year. It, too, saw

no reason to withdraw Debendox although it has now been asked to undertake a further monitoring exercise in the light of the U.S. court case.

Pregnant women who suffer severe morning sickness which Debendox aims to prevent, run a higher than average risk of giving birth to a deformed baby. Some women even die of malnutrition resulting from morning sickness.

Richardson-Merrell's reduced sales suggests that patients are now unwilling to take drugs designed to stop vomiting—whatever their doctors may advise. The company says that the present scare has disturbed doctors whose patients refuse to take the medicines prescribed.

The major pharmaceutical producers say that even balanced and accurate reporting of the possible side-effects of a drug can make patients unreasonably frightened. Richardson-Merrell, for example, believes that its side of the Debendox story has been given a fair airing in most newspapers.

Nor did Lilly Industries disagree with a television programme which pointed out that even a small overdose of its pain killer, Distalgic, could be lethal. The programme led to a substantial—though temporary—drop in sales of Distalgic.

Lilly was worried by the way viewers seemed to assume that Distalgic was totally unsafe. Like most drugs, it is safe if taken as prescribed, and highly dangerous if an overdose is taken. Lilly says that aspirin,

which can be bought in most supermarkets, can kill if taken in excess.

Lilly argues that some patients who needed to take Distalgic—a particularly powerful painkiller—suffered unnecessary pain because they were scared to take it after seeing the programme.

Roche, which has already attracted adverse publicity worldwide because of accusations of overpricing, is in a more difficult position with its benzodiazepine drugs such as Valium. Patients are often unaware of the names of the drugs that are prescribed for them, but most people today have heard of Valium.

Roche agrees that Valium is widely over-prescribed by some doctors who do not have time to discuss the cause of a patient's anxiety. The drug is undoubtedly useful in certain circumstances, and Roche says doctors, who know their own patients, must be left to decide whether tranquilisers should be prescribed.

Adverse

Halcion, marketed as an hypnotic by the U.S. company Upjohn, was banned in Holland as a result of television assertions that it caused adverse side-effects ranging from headaches to schizophrenia.

This drug has been passed as safe in a number of countries, including the UK and Belgium—whose Ministry of Health has recently completed an exten-

sive investigation into it—and sales are growing strongly in most parts of Europe.

The major pharmaceutical groups are clearly concerned about the apparently growing influence of publicity on their drug sales. They are especially disturbed by calls for foolproof evidence that a medicine is safe before it can be put on the market.

The companies emphasise that such a demand is impossible to meet because all drugs carry some risk, however small.

Drug companies are also worried about the public's apparent lack of faith in such watchdogs as the UK's Committee on the Safety of Medicines, which can act rapidly to ban a pharmaceutical product if there is evidence that it offers serious risks to patients. It has sometimes been criticised by a drugs group for acting too quickly.

The companies are, perhaps, partly to blame for the attacks on their products. In the past they have often been unwilling to discuss their own research relating to the safety of drugs. Even today, the information they provide for the Press and public tends to be sketchy.

Even the companies agree that Press highlighting of such episodes as the thalidomide affair was admirable. But the companies would appear to have some justification for saying that publicity about medicines can sometimes not only hit their profits hard but can also go against the interests of patients.



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UK NEWS

Court 'backs price ring' in cement

BY ANDREW TAYLOR

CEMENT manufacturers were strongly criticised yesterday by Sir Maurice Laing, president of the Federation of Civil Engineering Contractors. He said they were operating a price ring with the approval of the Restrictive Practices Court.

Earlier this month the Cement Makers' Federation raised the price of Portland cements, by far the most widely used in construction, by 24 per cent.

The engineering contractors' federation has prepared a letter to send to Mr. John Nott, the Trade Secretary, asking him to review the common pricing agreement between cement manufacturers, cleared by the Restrictive Practices Court in 1973.

Final terms of the letter will depend on the outcome of a meeting today between Sir Maurice and the Cement Makers' Federation.

Apart from the size of the cement price increase, the civil engineers have criticised manufacturers for giving inadequate warning of the increase, which

they say could have been staged to lessen the impact on construction companies.

Sir Maurice, speaking at a civil engineering contractors' lunch, said that the industry had been warned only on February 11 of a price rise on March 1.

The cement manufacturers have said the increase was needed to offset rising fuel costs and pay for essential modernisation of ageing plant.

Sir Maurice said that civil engineers faced the same fuel price increases, and needed to replace plant. Yet because of increasing Government insistence on what were effectively "fixed-price" contracts, margins in the industry had been seriously eroded.

The civil engineering contractors said yesterday that the increase in cement prices would raise cost of contracts using heavy reinforced concrete by about 2 per cent. Given present margins of between 1½ and 2 per cent, some contractors on fixed price contracts would operate at a loss, or at best break even.

Cement-makers should be subject to the same free-market forces as builders and contractors, said Sir Maurice.

"If the Government is really committed to free enterprise and to competition in every sector, and I believe they are, then they must see the injustice of this situation and remedy it."

The common pricing agreement affecting Portland cements has been in force since before the war. Twice this cartel has been unsuccessfully challenged in the Restrictive Practices Court. The industry has been the subject of two Price Commission investigations in the past 15 months.

Cement-makers said yesterday that it would not have been possible to give earlier warning of price increases, as it was only on February 10 that the industry was informed of a 20 per cent rise in coal prices from March 1.

Manufacturers added that total rise in prices for 1980 would have been higher if increases had been staged.

Transient managers 'face low pensions'

By Eric Short

FEW MANAGERS in the UK are likely to stay long enough with one employer to earn the full company pension of two-thirds of final salary, according to the British Institute of Management.

A survey published today by the Institute's panel of BIMA's economic and social affairs committee shows that the loss of pension can be as much as half for managers who change jobs frequently.

The survey analyses managerial mobility and shows that an increasing number of managers periodically change employers.

A manager aged 35-39 will probably have had three employers, compared with less than two 30 years ago. The survey estimates that by the time present managers retire no more than 10 per cent will have spent their working life with one employer.

The survey found that very few managers fully understand the loss of pension rights. Careers are nearly always considered more important than pensions. Most managers expect some loss of pension rights, but the survey found that most did not realise the extent of the loss.

The BIMA suggests that to counter this lack of understanding managers should be given full information on the pension consequences of change of job. They should also have ready access to outside advice and be able to "top up" their pensions with extra contributions, it says.

"Pension Rights on Changing Jobs Management Information Sheet No. 59. British Institute of Management, Management House, Piccadilly, London W1A 3QB. Price £1.50 (members), £2.25 (non-members).

Clash on picket line as strikers discuss return

NEARLY 1,000 striking blast-furnacemen who face redundancy because of the British Steel Corporation's decision to end steelmaking at Corby, Northants, met yesterday to discuss a possible return to work.

Fighting broke out when the men, members of the National Union of Blastfurnacemen, found the doors of their meeting hall blocked by a picket line of Iron and Steel Trades Confederation and Amalgamated Union of Engineering Workers strikers. Police restored order without making arrests.

The meeting was called by local members of the NUB who want a dispensation from the strike because of their impending redundancy—before the results of the BSC's ballot on a ballot were known. It is thought to be the first of its type since the national steel strike began 10 weeks ago.

Mr. John McGinlay, one of 5,500 men who will lose their jobs when the Corby plant closes in September, was one of the organisers of the meeting.

No vote was taken, but afterwards he said: "There is little doubt now that the general feeling here is that there should be a return to work."

The meeting should have been held much earlier to gauge the strikers' feelings.

The ISTC strike committee in Corby described the meeting as "a complete farce."

At its London headquarters the Confederation rejected claims that the strike was cracking, but said it would look "very carefully" at Corby's requests for dispensation.

Corby's blast furnaces should have closed already under British Steel's restructuring plans which will halve the town's steel jobs and concentrate on tube making.

There were also clashes outside Dupont's private steelworks at Llanelli, where work resumed at the beginning of last week. Windscreens of two lorries were smashed and a picket received treatment in hospital.

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Shell, BP agree to publishing of report

By Raymond Hughes, Law Courts Correspondent

SHELL AND BP have waived their right to have their evidence to the Bingham Inquiry on Rhodesian sanctions-busting kept confidential. It was claimed in the Court of Appeal yesterday.

The companies had consented to publication of the Bingham Report, which contained extensive summaries of their submissions, said Mr. Mark Littman QC, opening an appeal by Lorrho against High Court judge's decision last week that documents prepared by Shell and BP for the Bingham Inquiry were covered by Crown privilege and could not be made public.

A claim of Crown privilege, more correctly known nowadays as a claim of "public interest immunity," can be made on behalf of the Government when it believes that disclosure of certain information would not be in the public interest.

Littman says that Shell and BP's Bingham documents are crucial to its legal battle against the two companies, which is due for arbitration in June.

The arbitration is on part of Lorrho's £100m damages claim against 29 oil companies over alleged sanctions-busting. Lorrho's case includes an allegation that the oil companies conspired with the then illegal Rhodesian régime to ensure the success of UDI by continued supply of oil by means other than a Lorrho pipeline.

Mr. Justice Robert Goff said last week that Shell and BP documents had come to light only because of the Bingham Inquiry, and the companies had been given assurances of confidentiality to ensure their full co-operation.

If such assurances were not honoured, full co-operation might not be forthcoming in future inquiries, said the judge.

Mr. Littman denied yesterday that future inquiries would be significantly affected by disclosure in the present case.

Any witness would know that confidentiality would be limited; that his evidence could, for example, be used in criminal proceedings, or passed on to the United Nations. Because of the terms under which such inquiries were set up.

He would also know that even if Crown privilege was claimed it would ultimately be for the court to decide, balancing the need for confidentiality against the requirement that all relevant evidence should be before the court in civil proceedings.

Mr. Littman said that if a future witness was concerned about confidentiality, he need not agree, as Shell and BP had, to a major report being published.

The Bingham Inquiry had been set up to discover the truth. Was a court of law to be the one place in which the truth was not to be told? asked the judge.

The hearing continues today.

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Do not be impatient, says Biffen

By Peter Riddell, Economics Correspondent

MR. JOHN BIFFEN, Chief Secretary to the Treasury, last night urged people to be patient while the Government's economic policies worked through.

At a dinner in London of the Economic Research Council, Mr. Biffen replied to some recent criticisms of the Government's economic strategy while carefully avoiding any discussion of the Budget.

He stressed the need for "realism about the time scales implicit in the Government's economic policy; about perverse short-term influences on the retail price index; and about the need to bargain for wages against the background of national and corporate circumstances in the world market place. Perhaps we are all on a slowish learning curve—but the lessons have begun."

Underlined

Mr. Biffen underlined that "we must be determined in our patience as we await the working of the Government's policy. There is a time-lag in economic affairs as public borrowing, monetary aggregates and recorded inflation interact."

He also criticised trade union leaders who used the retail price index as if it were a living standards index, and based wage claims upon it.

"Last June the Chancellor decided to tax spending, but leave more in the pay packet. In no sense can such a policy legitimise increased wage claims purporting to protect living standards. Furthermore, there is no such thing as absolute protection in a world where international trade significantly influences levels of national activity and prosperity."

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£45m North Sea gas handling plan

BY RAY DAFTER, ENERGY EDITOR

A GROUP of UK and North American oil companies is to spend about £45m on a unique gas handling system in the North Sea.

The consortium, led by U.S.-based Chevron Petroleum, plans to send surplus natural gas produced from its Ninian Field to the Scottish mainland and via the Brest pipeline system.

When oil and gas production from Ninian begins to drop appreciably in the mid-1980s Chevron intends to "import" natural gas through the system so that it can continue to operate the field's power generation equipment.

The development, part of a drive to reduce the amount of gas wasted in the North Sea, should be completed later this year.

The scheme involves laying a gas pipeline between the central and northern production platforms on Ninian.

Gas which is not used as fuel on the northern platform will then be "exported" through another new pipeline which will join the Western Leg Gas Gathering system, based on the nearby Brest Field. The Ninian spur will join the Western Leg system between the Cormorant and Brest fields.

At peak production Ninian should have sufficient spare gas to send ashore about 30m cubic feet a day.

Ninian has limited gas reserves, and very little of the fuel is produced with crude oil, so Chevron and its partners will probably have to buy gas from other North Sea producers by 1984-85 in order to power the platform generators.

British Petroleum has completed drilling a well on North Sea block 211/7a, immediately north of its Magnus Field, but is not giving details. The concession is surrounded by vacant areas which may be licensed in future rounds. The drilling rig, Sea Conquest, which sank the well, has been moved to block 3/8a, immediately south of the Ninian Field, held by a BP-led group.

£100m goods 'stolen from lorries each year'

BY LYNTON MCJAIN

GOODS worth £100m are stolen every year from lorries in Britain, the Road Haulage Association said yesterday when it launched a national campaign for tighter security for all lorry operations.

Lorry hi-jacking has decreased over the past five years, but thefts from lorries in depots, private premises and "secure" lorry parks have increased sharply.

One of the areas worst affected is London.

Mr. Jack Brown, the chairman of the association's security committee, said yesterday the haulage industry is now far more worried about "internal thefts" than thefts from lorries in the street.

These thefts from depots accounted for over 40 per cent of the total of almost £2m of goods lost from lorries in the Metropolitan Police area last year.

At over £800,000, they were almost four times greater than in 1975.

Four hi-jackings were reported last year, compared with five in 1978 and eight five years ago.

Mr. Brown said that the clothing and textile industries were the biggest target for thieves.

Thefts of high-value goods—wine, spirits and tobacco—had fallen in recent years, largely because of better security.

On nutritional labelling, the report recommends providing detailed information on foods which claim to have certain qualities helping health or slimming.

Breakfast cereals, margarine, the wide range of health foods and bread would be covered, but the committee says there is no need for a widespread introduction of nutritional labelling for other foods.

The report suggests that a voluntary system of codes of practice should be agreed between manufacturers and the Local Authorities' Co-ordinating Body on Trading Standards (LACOTS).

There are strong indications that the Ministry of

UK NEWS - PARLIAMENT and POLITICS

Tory 'betrayal' on housing

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

HOUSE OWNERS have been "cynically betrayed" by the Conservative Government and now face a long period of high mortgage repayments, Mr. Roy Hattersley, Labour Environment spokesman, told the Commons last night.

He was moving an Opposition motion deploring the Government's housing policies on the grounds that they made it more expensive to buy or rent a home than at any time in the country's history.

But Mr. Michael Heseltine, Environment Secretary, in a spirited counter-attack, alleged that Mr. Hattersley and his colleagues had toured the country encouraging Labour local authorities to put up their rates. He said that in contrast with the restraint shown by Conservative authorities, the policy of Labour authorities this year had been "spend, spend and spend again."

Opening the debate, Mr. Hattersley put three questions to the Government on mortgage rates.

He wanted to know if the Environment Secretary agreed that mortgage holders ought to brace themselves for a long period of high repayments. While the present international climate and domestic policies lasted, they should be prepared to pay at the present "uniquely high rate."

He also asked for Mr. Heseltine's comment on suggestions from the building societies that

even if MLR fell there would not be a matching reduction in mortgage rates.

"The Secretary of State must have discussed that with the building societies," said Mr. Heseltine. "He has a duty to tell the House what these discussions revealed."

Mr. Hattersley also asked about the effect which the sale of council houses would have on the availability of mortgage funds. If a large number of council house tenants flooded the building societies, there could be only two possible consequences - fewer mortgage demands would be met or the societies would have to increase their interest rates yet again to attract more funds.

The Labour spokesman said that the financial allotment for new council house building which had been announced by the Government in February meant a big reduction in the money available.

"It is a matter of wilfully reducing the number of council houses that are built and completed," he said.

Mr. Hattersley also blamed the Conservative Government for local authority rent increases.

"It is no more than a hidden on council tenants," he declared. "It demonstrates the deep distrust which the Tory party has always felt towards council house tenants."

Repeating for the Government.



HESELTINE: counter-attack

Mr. Heseltine said that high interest rates were welcome to no one. But they resulted from the Government's determination to control money supply, from the level of Government borrowing and from the rise in the world price of money.

He pointed out world-wide increases in interest rates, in particular the fact that the U.S. prime rate was now approaching 18 per cent.

"We simply cannot, in Britain, ignore these trends,"

Mr. Heseltine commented. It served no purpose to suggest that Britain could isolate itself. Our money markets were world markets.

"Interest rates will fall only as our policies succeed in reducing the demand for money and credit and the upward pressure on prices abates," he said. "There is no halfway house."

On the question of this year's rate increases, he said that Mr. Hattersley and his colleagues had embarked on a "deliberate campaign to encourage local authorities actually to spend more."

He was astonished at the "affront" of Mr. Hattersley in putting down the motion criticising the Government at a time when the Labour Party was "begging and imploring" Labour local authorities to put up rates.

Mr. Heseltine warned that to ignore economic reality would lead to a decline which could become irreversible. It made no sense to debate housing outside the economic context. But the policies of increased public expenditure advocated by Mr. Hattersley would hit even harder the group which the Labour party pretended to care for.

Mr. Heseltine strongly criticised the previous Labour Government for failing to ensure that council rents kept pace with the rise in earnings.

Norfolk 'confident' on school transport

By Elinor Goodman, Lobby Staff

THE DUKE of Norfolk, organiser of the Conservative opposition in the Lords to the Government's plans for charging for school transport, was yesterday told by Conservative MPs who sympathise with his aim that the best way to achieve it would be to amend the Government's proposals rather than delete them from the Education Bill altogether.

Lord Norfolk gave the MPs the strong impression, however, that he was determined to get the clause deleted in its entirety and that he was confident he could get the majority in the Lords to do this.

The Lords began a week of sittings on the Education Bill yesterday. The controversial clause enabling local authorities to charge for school transport is likely to be reached tomorrow or Thursday.

Lord Norfolk, the leading Catholic peer in the country, had a private meeting yesterday with some of the 16 MPs who voted against the transport clause when it was debated in the Commons.

They told him that if the Bill was sent back to the House of Commons with the transport clause deleted altogether, the Commons would probably insist that it was reinstated. This would start a prolonged game of ping-pong which could jeopardise the Government's chances of getting the Bill on the statute book by the beginning of the financial year, but which would almost certainly end up with the Government getting its way on transport charges.

On the other hand, the MPs argued, the Lords were to carry a series of wrecking amendments which would mean that very few parents would actually have to pay the fee, then they might be able to persuade some of their Tory colleagues to join them in backing the amendments, the Commons, so ensuring that they became law.

Under pressure from both peers and MPs concerned about the implications of transport charges for families in rural areas, the Government has already modified its original proposals twice. But Lord Norfolk was apparently confident yesterday that he had the support of many other Conservative peers, as well as some Anglican bishops, in believing that the clause should be scrapped altogether.

Proposal to sell shares in BNOC

By Ivor Owen

AN EARLY announcement of Government proposals for allowing private capital to buy a stake in the British National Oil Corporation was promised by Mr. David Howell, the Energy Secretary, in the Commons yesterday.

He told Labour critics who maintained that it would be wrong to allow any portion of such a valuable national asset to pass into private hands that it was difficult to defend 100 per cent public ownership.

Mr. Howell stressed that it was Government policy to keep the necessary access to oil provided by BNOC's trading operations, and confirmed that this entailed retaining the Corporation's participation options.

Dr. David Owen, Labour Shadow Energy Minister, "the important thing for the 1980s is to ensure that we have healthy enterprise in the North Sea and good security of supply."

Mr. Anthony Wedgwood Benn, the former Labour Energy Secretary, maintained that as North Sea oil could now be sold at a price roughly equivalent to five times the cost of production, the case for 100 per cent public ownership was stronger than ever.

Mr. Hamish Gray, Minister of State for Energy, replied: "You have always had difficulty in separating state ownership from British ownership—the two are not necessarily the same."

LABOUR

Clegg Commission seeks more long-term work

BY PHILIP BASSETT, LABOUR STAFF

PROFESSOR HUGH CLEGG, chairman of the Government's standing commission on pay comparability, said yesterday that the Commission would not welcome any more references of the type with which it has been dealing.

It would prefer, instead, more longer-term work.

Prof. Clegg said there had been no indications from the Government regarding the Commission's future once it has completed its dozen references outstanding. But he said he would like to see the present number of references reduced.

He would like the Commission to take the form of the Civil Service Pay Research Unit and examine references annually.

The Government, however, is keeping the Commission's whole operation under review. In the light of difficulties it is experiencing this year over Civil Service pay, based on annual comparability, it seems unlikely Prof. Clegg's suggestion will be taken up by Ministers.

Prof. Clegg was launching the Commission's two last reports. These cover 37,000 supplementary professional medical staff and some 830 white-collar waterways staff.

The reports respectively award average increases of 15.4 per cent (costing £19.6m) and a two-stage increase of 5 per cent (costing an estimated £270,000).

Health Service union officials were hostile to the Commission's award to supplementary staff.

They warned that the response of the union side, which meets management on Thursday to discuss the award, would be to seek quickly a substantial pay increase for this year to try to make up ground.

Both sides are committed to accepting the award.

Mr. Steve Johnson, staff side secretary, called the award an "unmitigated disaster." He said the staff had been "betrayed" by agreeing to a reference to the Commission.

Mr. Roger Poole, of the National Union of Public Employees, said it would be the last time his union would agree to such a reference. The report showed, there was no substitute for direct action by the unions.

The unions were particularly critical of one of the report's recommendations. This stated that despite the range of hours worked by the group, from 33 hours to 38 hours, the full award would be paid on the basis of a 37-hour week.

Staff who enjoyed a shorter week could retain it but their salary would be proportionately reduced. Prof. Clegg said that in a small number of cases this could mean that some staff would find their pay reduced by the award.

Because of an interim pay increase in September, some of the award levels are lower, too, than present pay rates. In those cases the staff would retain their existing salaries until they are overtaken by further increases or increments.

This freeze would not apply, though, to staff affected by the shorter hours provision.

The Commission found that teaching grades enjoyed pay levels well above external comparators, in some cases by as much as 16.9 per cent. They would still receive increases averaging 10-12.2 per cent, however, to maintain recruitment.

The overall increases, which range from 10 to 17.3 per cent, and which will add 14.2 per cent to the overall pay bill, take

basic grade staff at the maximum from £3,082 to £3,800.

A grade one superintendent physiotherapist, for example, will rise at the maximum from £7,586 to £8,300. A similar radiographer will rise from £7,881 to £8,501. A grade two senior would rise from £4,551 to £5,300 and a radiographer teacher from £5,634 to £7,134.

The Commission sharply criticised the lack of a common approach to pay in the NHS. Its absence arose partly because of different pay methods but more because of the lack of co-ordination or common policy between different management sides negotiating for different groups.

The Commission also reported on white-collar staff employed by the British Waterways Board, who took industrial action before their pay was referred to Clegg.

The waterways report includes the highest awards made so far by the Commission. The pay of a development amenity director will rise from £11,974 to £16,000, an increase of 33.6 per cent. Other senior staff receive 30.2-31.3 per cent. The numbers involved are small and comparisons were difficult.

The comparisons indicated an average increase of 14.6 per cent. But because of two cumulative increases before last September, totalling 11.3 per cent, that average increase should be reduced to 3.3 per cent.

Improvements to take into account factors such as cheap mortgages raised it to about 5 per cent.

Grade one clerical staff at the maximum will rise from £3,594 to £3,735 and grade one professional and technology staff from £3,920 to £4,046.

All-party energy group launched

By Ray Dafer, Energy Editor

A GROUP of MPs and peers has successfully launched an all-party group for energy studies.

The new organisation is already being extended to include associate members from energy companies and trade unions.

A group of 25 members from both houses of Parliament which met recently decided that the associate membership should be balanced to reflect the interests of such sectors as nationalised industries, construction companies, equipment manufacturers, geophysical surveying and consultancy organisations.

In particular the group wants to balance the interests of the oil, coal, gas and nuclear industries.

The all-party group has been formed to encourage a continuity of policy in the energy field. It is claimed that such continuity is vital to an industry with long lead times.

The executive committee comprises: chairman: Mr. David Crouch (Con., Canterbury); vice-chairmen: the Earl of Lauderdale, Lord Lloyd of Kilgeran, and Dr. Dickson Mabon (Lab., Glenock and Port Glasgow); treasurer: Lord Ironside; secretaries: Mr. William Garrett (Lab., Wallsend), Mr. David Lambie (Lab., Central Ayrshire), Mr. Peter Emery (Con., Hoxton), and Mr. Arthur Palmer (Lab., Bristol North-East).

Howell firm on cash limits for electricity

BY IVOR OWEN

A RELAXATION of the cash limits set for the nationalised electricity industry was ruled out by Mr. David Howell, the Energy Secretary, in the Commons yesterday.

He was closely questioned from both sides of the House about the implications of the fall in electricity consumption for the planned expansion of the nuclear power industry.

Mr. Howell, who insisted that the fall in revenue arising from the decline in the sale of electricity did not provide an automatic justification for an increase in prices, confirmed that both the capital and current programmes of the electricity industry were being reviewed.

The size of the nuclear power component in the industry's overall generating capacity must stand on its own merits, he said.

In the meantime the industry had to meet its financial targets and keep within its cash limits.

Dr. David Owen, Labour's shadow Energy Minister, accused Mr. Howell of inconsistency.

He contended that on the one hand the Minister was saying the fall in the sale of electricity did not justify higher prices and indicating that he wanted to see the orders for the two British design AGR nuclear stations go ahead and the nuclear industry given confidence, and on the other hand insisting cash limits must be maintained.

What you need to do is to relax the cash limits within which the electricity boards are currently operating, Dr. Owen

stated.

Refusing to accept this view, Mr. Howell stressed that increased costs should not be automatically passed on in higher prices.

"There must be a vigorous search for economies to meet some of the rises in costs," he insisted.

Mr. Howell told Mr. Peter Rost (Con., Derbyshire South East) that the Government remained fully committed to the nuclear programme—envisaging the ordering of 10 nuclear power stations over the next 10 years—outlined just before Christmas.

During further exchanges, Mr. Anthony Wedgwood Benn, the former Labour Energy Secretary, gave a new warning that the Government was in danger of losing public confidence in its nuclear energy proposals.

He said this was because the Government had opted for the American PWR system which was widely regarded as being inherently unsafe from a design

point of view.

He claimed that Sir Alan Cottrell, a former Chief scientist, had pointed to serious defects in the PWR used in France.

Mr. Benn said the Nuclear Installations Inspectorate had made it clear to the Labour Government that the Westinghouse PWR would not be acceptable and that major modifications would be required.

Mr. Norman Lamont, Under-Secretary for Energy, retorted that if there was any danger of a loss of confidence, the position would not be helped by Mr. Benn.

"You have tried to stir up public opinion and give rise to groundless fears," he said.

Mr. Lamont asserted that Mr. Benn knew that after the Three Mile Island incident in the U.S. the NII had stated that there was no reason why the PWR should not be designed to satisfy the most stringent security requirements.

Little hope on block grant scheme change

BY ROBIN PAULEY

LOCAL AUTHORITIES appear to have lost their battle to persuade the Government to change one of the most controversial aspects of the Local Government Planning and Land Bill.

Mr. Tom King, Local Government Minister, is expected to announce that the local authorities' alternative proposals to the Government's plan to replace the present system of rate support grant with a block grant system do not fulfil all the necessary requirements when the committee stage resumes in the Commons today.

Mr. King and Mr. Michael Heseltine, Environment Secretary, were meeting Tory backbench MPs last night to explain the position. Many MPs had delayed tabling amendments to the financial clauses of the Bill until the outcome of the local authorities' submissions were known.

Opposition MPs led by Mr. Roy Hattersley are likely to protest noisily in committee about the rejection of the alternative proposals put together by the associations, all of which are Tory-led. He has previously threatened the withdrawal of Opposition co-operation to the Bill's proposals.

This is a statement on the grant proposals is made.

The first clause due to be considered today concerns general powers to reduce rate support grant and it would be very difficult for Mr. King to avoid declaring the Government's position at this stage.

He has promised to make public his reasons for not accepting the local authority proposals if they are rejected. One reason is likely to be that they do not give government the necessary power to penalise authorities which wilfully overspend.

The authorities have claimed that their plan meets the principal government objective of preventing high spending authorities from automatically getting a bigger slice of the grant cake at the expense of authorities which contain their spending to lower levels.

Both Mr. Heseltine and Mr. King hinted at the Tory local government conference at the weekend that the local authorities' plan might fail. Mr. King said he was not optimistic about it and Mr. Heseltine said he had seen nothing so far to convince him that there was an alternative to the Bill's proposals.

The select committee's 11 members—who have made the role of the Welsh Office in developing employment opportunities in Wales their first task—were particularly concerned that the Government's special aid of £45m over the next two years for industrial estate and advanced factory building by the Welsh Development Agency in crisis areas, might be inadequate.

Welsh unemployment 'could reach 125,000'

BY ROBIN REEVES, WELSH CORRESPONDENT

WELSH unemployment could soar to 125,000 or 13.7 per cent by next year as a result of the steel and coal downturn, Sir Hywel Evans, Permanent Secretary at the Welsh Office, predicted in Cardiff yesterday.

Addressing the first full session of the Commons Select Committee on Welsh affairs, he said there were valid arguments for forecasting job loss figures varying from 30,000 to as high as 50,000, as a result of the planned cutbacks in the Welsh steel industry and the ripple effects on coal and other industries.

But the estimate of the Welsh office senior economists, he admitted when pressed, was that an unemployment level by next

year of 125,000—13.7 per cent—was "well within the bounds of possibility."

This is a rise of some 33,000 on the current jobless level of 92,075 or 8.4 per cent. Around 30,000 of the job losses would occur in the steel industry, but he could not give precise figures for coal.

The select committee's 11 members—who have made the role of the Welsh Office in developing employment opportunities in Wales their first task—were particularly concerned that the Government's special aid of £45m over the next two years for industrial estate and advanced factory building by the Welsh Development Agency in crisis areas, might be inadequate.

Demos and the police: council view

By Lisa Wood

SENIOR POLICE officers should not have sole discretion to ban marches and demonstrations, the Association of District Councils said yesterday.

The association was expressing its views to the Parliamentary Select Committee on Home Affairs which is reviewing the Public Order Act and related legislation.

It said that the right to restrict the freedom to organise a public march should be vested in a democratically elected body or a person such as the Home Secretary. If disagreement arises between the police and a local authority over the staging of a march, there should be "arbitration" with the Home Secretary acting as referee, said the association.

Building workers warn of strikes

THE Transport and General Workers' Union warned yesterday that a series of one-day strikes in the construction industry would be called unless employers significantly improved their pay offer.

Negotiations on the employers' proposals, involving a 14 per cent increase on minimum earnings, partly linked to productivity clauses, are due to resume on Thursday.

Employers are almost certainly prepared to make some improvements on that offer, but their willingness will be affected by the unions' response to the productivity elements.

These centre mainly on an attempt to reduce absenteeism by tightening qualifications for holiday pay entitlement.

Mr. George Henderson, the Transport Workers' national construction secretary, said his members viewed these as penalty clauses. They were also concerned that the offer was

below the rate of inflation.

This is broadly in line with the decision of the Union of Construction, Allied Trades and Technicians' executive to reject the offer. It also criticised the employers' productivity demands.

Mr. Henderson said: "If they don't come up with anything else we're in for a difficult time. There's every likelihood that there will be strikes."

The Transport and General Workers' Union says it has been promised full consolidation of pay supplements by the Federation of Master Builders, with whom the union will negotiate over pay later this month.

● The Transport Workers' Union has replied to the Government's consultative document on the construction industry's tax deduction scheme, saying the Government's proposals would lead to an increase in the "lump."

TUC talks on Isle of Grain

BY NICK GARNETT, LABOUR STAFF

THE dispute affecting the future of the Isle of Grain power station is likely to be discussed at a meeting of the TUC's finance and general purposes committee later this week.

The dispute initially involved 27 laggards of the General and Municipal Workers' Union over the issue of bonus payments.

The decision to discuss the dispute among senior TUC members is a reflection of the growing concern within the TUC and other construction unions.

Work on two of the units at what would be Europe's biggest oil-powered power station has already been stopped and the Central Electricity Generating Board has given the unions a deadline to end the dispute if work is to continue on two other units.

A total of 1,600 manual workers would lose their jobs if the unfinished parts of the power station are abandoned.

In another development, the General and Municipal Workers' Union yesterday wrote to the TUC asking it to try and convene a meeting of all construction unions working on the power station, along with TUC officials and those of the CEBG.

Mr. Len Murray, TUC general secretary, was present at a meeting of the Isle of Grain unions last week to discuss the dispute.

As a result of that meeting, union officials met employer representatives from the thermal insulation industry. A proposal to put the dispute through a disputes committee of the industry's joint industrial council was turned down by the employers.

Car import figures 'deplorable'

A UNION leader yesterday submitted an emergency resolution to Labour's ruling National Executive calling for urgent action about last month's "deplorable" car import figures.

Mr. Doug Boyle, president of the Association of Scientific, Technical and Managerial Staffs, urges controls on car imports and a minimum percentage of British components—he suggests 40 per cent—in any imported vehicle.

Figures show importers paid 57.5 per cent of sales, more than 5 per cent up on February last year.

Mr. Boyle, a member of the Executive, said: "It appears that the 'Buy British' campaign by BL has had only a cosmetic effect."

● Executive may debate his resolution on March 26.

● SHIRTS ROW: The clothing workers' union said yesterday that the Association of Scientific, Technical and Managerial Staffs of Commons bar staff with shirts made in Hong Kong was a "momentous blunder."

Mr. Alec Smith, general secretary of the 17,000-strong National Union of Tailors and Garment Workers, said: "Our 1,100 members who have lost their jobs in the shirt sector over the last couple of months and the 700 currently on short-time working are unlikely to find much comfort in this unfortunate action."

● JOBS GUARANTEE: Norwich Union said yesterday that it had offered to guarantee the jobs and salaries of permanent staff against changes brought about by new technology involving word processors, computing equipment with associated data storage, and linked visual terminals.

The Association of Scientific, Technical and Managerial Staffs is to recommend acceptance of the proposal to its members.

Mood of growing militancy

A SHARP attack on Government proposals to change the employment law will mark the 50th anniversary this year of the TUC Women's Conference.

All the signs are that the conference will show greater militancy on behalf of working women than it has done for many years.

The agenda is dominated by motions expressing anger at what trade unionists see as a major threat to women's rights in the Conservative Government's policies.

The call by nine leading trade unions for the Employment Bill to be axed and for an end to the "concerted attack by the Government on women's rights to work" will be heard by some 260 delegates when the conference opens in Brighton on Thursday.

Women trade unionists from all over the country are meanwhile expected to join a Women's TUC rally in Brighton tomorrow to underline plans for a stepped-up campaign against Government threats to working

Pauline Clark looks at the agenda for the TUC Women's Conference

women.

In a detailed composite motion arguing against a range of provisions contained in the Government's new bill, unions warn that the changes will lead to a serious decline in the hard-won rights of women employees.

The motion, to be proposed by the National Association of Teachers in Higher and Higher Education, says that the changes, combined with the Government's expenditure policy, will cause a fall in employment opportunities for women and a decrease in the "limited" child care provision which now exists.

In particular, it criticises the unfair dismissal proposals which it says will shift the burden of proof away from the employer so as to render its provisions as ineffective for the employee

as those of the Sex Discrimination Act.

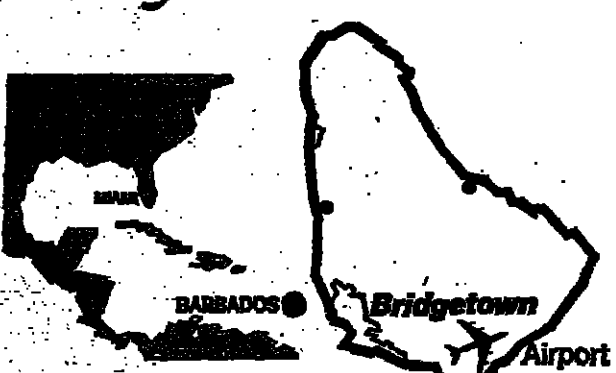
It also roundly condemns all the new proposals relating to maternity leave and the right to return to the same job after pregnancy. All of these measures, it says, represent a retrograde step on the road to equality.

The National Union of Public Employees will lead a debate on public expenditure cuts which are seen as a further attack on women workers' rights.

The conference will be warned of the prospects of mass unemployment of women as a result of the cuts, and the increasing difficulties working women will face from cutbacks in school meals, child care facilities, hospitals, services for old people and other public services.

The motion on expenditure cuts says the attack is helping those who want to force women out of the labour market. It urges the TUC Campaign for Economic and Social Advance to highlight the special problems of women.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

What Western managers can learn from Japan's quest for quality

Christopher Lorenz on some harsh and highly revealing self-criticism by Xerox's Japanese subsidiary

YOTARO KOBAYASHI makes no bones about it. "We were wrong." The reasons his company was suffering at the hands of an upstart competitor were not to be found on the shop floor but "with us, the management. We had been uncomfortably asleep, blindly proud of our technological superiority, and shamefully arrogant about someone else's capabilities."

Such public self-criticism from a top manager is rare indeed. When it comes from someone with as much international experience as the president of Fuji-Xerox, the Japanese offshoot of the powerful Xerox copier combine, it offers not only an unusual glimpse into the inner workings of Japanese management, but also something practical that the rest of us can profitably borrow.

When Western businessmen are asked why Japanese industry has been able to increase its productivity far more rapidly than their own countries, most of them point vaguely to the enigma of "Japan Incorporated," and especially to the unusual docility (or "co-operativeness," to use a blander term) of the country's labour force.

The term "Japan Inc." is generally taken as shorthand for Japan's extraordinary advantage of cohesion on every front: between society as a whole, the banks and industry in particular, and at the level of the company—the principle of payment and power on the basis of age, and the practice of decision-making by deep-rooted consensus.

It is only occasionally that Western observers—and competitors—remember the obvious fact that there are various actors on the Japanese industrial stage who behave in anything but a preordained fashion, and that there may be something profitable for the West to learn from this. After all, modern Japanese management practice is an amalgam of Japan's own particular strengths—and the best practice of Western (especially American) companies.

Why should Europeans, for example, not now attempt the same process in reverse, by importing some of Japan's less

"inscrutable" management practices. Something of the sort is already under way, particularly in Sweden and Britain, as well as the U.S., with the increasing adoption on the shop floor of the Japanese concept of "quality control circles" consisting of small teams of workers. Since we reported this trend last summer (August 24, 1979), two packed conferences on QC Circles have been held in London, an international congress is planned for September, and several European companies have started experiments with the approach.

Speaking before 500 top executives from all over Europe, at the annual Davos symposium of the European Management Forum, Mr. Kobayashi explained how the QC circle approach had spread upwards through the structure of Japanese companies, and had broadened to encompass many of their activities through the concept of total or "company-wide quality control."

Questions

He also enumerated some of the basic principles upon which many successful large technology-based companies are run in Japan—many of them perfectly capable of being emulated in the West if only top management has the vision and the determination.

Referring to the period of painful self-discovery undergone by Fuji-Xerox managers about five years ago after Ricoh—a smaller Japanese manufacturer—had suddenly eclipsed a prime Xerox product with a better and cheaper one, Kobayashi said it was easy to criticise one's workforce for lack of co-operation or effort. But the management should start by asking itself a series of questions:

When considering an investment, are we not too eager to harvest profits in a short span of time?

Are we not, therefore, often too timid in taking investment risks?

Do we not often tend to ride along with high probability on highly depreciated, and often near-obsolete equipment, instead of continuously investing for the long term?



*Yotaro Kobayashi:
After an initial period
of shock, hurt pride
and shattered arrogance,
came a cold realisation
that unless we did
better, and very
quickly, . . . we would
nearly cease to exist.*

Are we ourselves in regular contact with the market place, customers and competition in particular, instead of relying solely on the computer-based analysis systems, and staff assessment and recommendations based on such analyses?

Are we being truly aggressive enough in determining what customers really want, in terms of the quality, economics and timeliness of new products or services?

As Kobayashi said, the list of such questions was almost endless. The key point was that the quality of a company's workforce was very much influenced by its management's attitudes.

This was reflected in the way Fuji-Xerox responded to the threat posed by Ricoh. "After an initial period of shock, hurt pride and shattered arrogance, came a cold realisation that unless we did better, and very quickly at that, we would nearly cease to exist in the market place."

A wholesale management review of the company's cost structure quickly followed, together with the setting of tough new targets for the quality, cost and delivery of new products. No so-called trade-offs ("easy compromises") were allowed in these key ingredients, claimed Kobayashi.

The net result, he said, was the rapid development and introduction of a new product which surpassed "all the so-called accepted standards of

quality, cost and delivery," not only for Fuji-Xerox itself, but for the entire worldwide Xerox organisation. The product—with the decidedly mundane model number 3500—has been a "smash success" in the market place, claimed Kobayashi.

More important, he said, the experience had helped institute in the minds of both management and workforce a belief that the only way to keep "proud and confident," instead of "proud and arrogant," was consistently to try harder, forcing themselves on in the continuing pursuit of a higher degree of excellence, in both quality and cost.

How could such good intentions be translated into practice? In order to avoid the danger of "top-down" directives, and resentment from both middle management and workforce, Kobayashi said these intentions must be supplemented by the systematic organisation of objectives and functions. This involved at least three elements:

1. The regular provision to the workforce of accurate information about the company's current situation.

2. Close co-operation with lower levels of management in the development of what might be called "objectives trees."

These should show the logical relationships between management objectives at different levels; the relationship between different functions (such as

sales and planning, or engineering and manufacturing); priorities among multiple objectives; and the scale by which to measure relative success or failure in the achievement of these objectives.

The workforce should be organised into small groups, of between 5-8 people, and encouraged voluntarily to select and tackle an area of their work that could be improved. Allied to this must be the "aggressive use" of shop floor suggestion schemes.

These lines of approach should be flanked by the maintenance of close contact with the market place at all levels of the company, said Kobayashi, together with the rotation of key personnel through different types of job.

It is the principle of small self-improvement groups which forms the basis of the shop floor Quality Control Circle—an approach now being tried in companies as diverse as Lockheed, Rolls-Royce, BL and Eurotherm, the highly successful instruments manufacturer.

As described by Kobayashi the much broader concept of total quality control—somewhat similar to the Anglo-Saxon "quality assurance" approach—stresses the importance of four associated elements:

1—A clear-cut and properly ordered set of management objectives, which will then be developed further down the organisation in the form of a network or "tree".

2—Regular reviews at all levels on the progress of such objectives, with particular emphasis upon the pursuit of "whys" and "why nots".

3—The concerted effort of the different functions towards higher quality, not only of the products for services offered in the market place, but of all the company activities;

4—Facts as the sole basis of company decisions at all levels.

Whether or not this is an idealised picture, it may be asking too much of human nature in the West, at any rate. But in Japan, Kobayashi claimed, that a host of top names practise this approach as demonstrated by the high quality, cost effectiveness and punctual delivery of their products, together with their strong financial performance and growing presence in worldwide markets.

*Organiser: Executive, 29, Octagon Parade, High Wycombe, Bucks. Tel: 0494 33171.

Industrial democracy: Brussels grinds towards a compromise

BY JOHN ELLIOTT

INDUSTRIAL DEMOCRACY is a subject one seldom hears about in the UK, now that labour laws and trade union confrontation with Government have replaced Labour's social contract and the Bullock Report's ideas on worker directors as major political issues.

But moves are still being made by the European Commission and Parliament concerning the relationship of employees with boards of directors, on the disclosure of information by multinational companies, and also about profit sharing.

These developments are still a long way from being turned into compulsory legislation; but they will have some influence on attitudes in the UK, where the current stimulus for some modest innovations in employee participation is coming not from trade unions but from the "doves" in the Government and the CBI.

The most well known of the three EEC developments is the proposed Fifth Directive on company law, which includes the plan for worker-directors. It owes its genesis not to any great concern in Brussels about employee rights or trade union power, but to a belief that company law should be harmonised throughout the Community so that companies could trade across frontiers on equal terms.

Originally the fifth directive (first produced in 1972 and amended in a 1975 Green Paper) contained rigid German-style plans for a two-tier company structure with worker directors taking at least one-third of the seats on the top supervisory tier.

Opposition from other countries with different labour and company law traditions led to the proposals being softened and long transitional periods were promised. Then the issue became stuck in the European Parliament, whose legal committee of newly elected MPs has recently been mounting considerable opposition led by the Conservatives' political grouping.

Now the European Parliament is finalising its views. When it has done so they will be presented to the European Commission and will unlock the door to a series of events which could eventually lead to the emergence of a directive.

The fact that the Parliament may oppose the ideas will not stop this process even though it might affect the content of any policy.

The plan that now seems most likely to emerge will be highly flexible in both content and timing and will be quite different from the original 1972 proposals, even though the eventual aim may still be to give workers a greater say in company decision making. There is likely to be an option for a company to adopt either a one or two-tier board structure, plus a further option for the workers' representatives to be housed either on the board itself or in a separate advisory body which would have direct links with the board room.

In as far as the European Commission has a unified view, it still wants ultimately to aim for the workers to be housed in the boardroom. It would therefore regard the option of the separate advisory body as only a transitional measure, as only a transitional measure.

The European Parliament and some EEC countries, including the UK's present Government, would, however, oppose compulsory board membership in favour of the advisory body because it would involve workers' representatives only in a consultative process and not in decision-making.

There would of course be plenty of other arguments, such as whether the proposals should be mandatory or whether they should only be adopted if wanted by both management and workers in a company. The issue of whether all employees or just union members should be involved would also be contested.

Pressure

But whatever emerges is unlikely to have a direct impact on companies until the end of this decade. Even if a directive were to be confirmed within two or three years, which is far from certain, a transitional period would be allowed before there was any compulsion. Some EEC lawyers think this period might last for five to seven years. The earliest that a directive might then come into force would be 1987, and it could be considerably later.

Meanwhile the two EEC Commissioners responsible for this directive are now involved in another exercise. Here Mr. Hank Vredeling, the Left-wing Social Affairs Commissioner, has taken the lead over Viscount Davidson, the Industry Commissioner. He is proposing that the EEC should launch an initiative to increase the information given by multinational companies to their trade unions, and to lay down some requirements for consultation on major issues such as mergers.

This will apply both to EEC-based multinational companies and to concerns from the rest of the world which have two (or possibly only one) subsidiaries within the EEC.

Mr. Vredeling's aides say there has been pressure for such an initiative from trade unions. Some forward looking companies which already disclose a substantial amount of information about their plans and results, think it is unfair that their EEC competitors should not be forced to do so as well, and have also backed the idea.

On the other hand, Viscount Davidson's staff are thought to take an opposite view. They believe that EEC-based multinationals should not be put at a disadvantage with competitors in the rest of the world which, despite initiatives along the same lines from the OECD and

the International Labour Organisation, are not forced to disclose information to trade unions, or consult with them.

A working paper on the subject may be presented to the Commission in the next few months. Its future is not clear, however, partly because the Commissioners come to the end of their term of office at the end of this year, and partly because it has yet to be decided whether the ultimate target would be a directive, or merely a recommendation.

The third initiative, which is even more tentative, is a discussion document produced by the Commission on profit sharing schemes. Called a memorandum on "Employee participation in asset formation," the document discusses various practices in the EEC and suggests a series of guidelines aimed at "reinforcing the special aspect of incentives to individual savings."

Among these guidelines is a proposal that profit sharing savings should be frozen for five years. This time limit already exists in the UK for those schemes which receive tax concessions, but the Confederation of British Industry and other organisations have been pressing the Government to shorten the period in the coming Budget. Another guideline says the provisions should contain income tax relief, to weight the benefit towards the lower paid, a concept which has not been accepted so far in the UK.

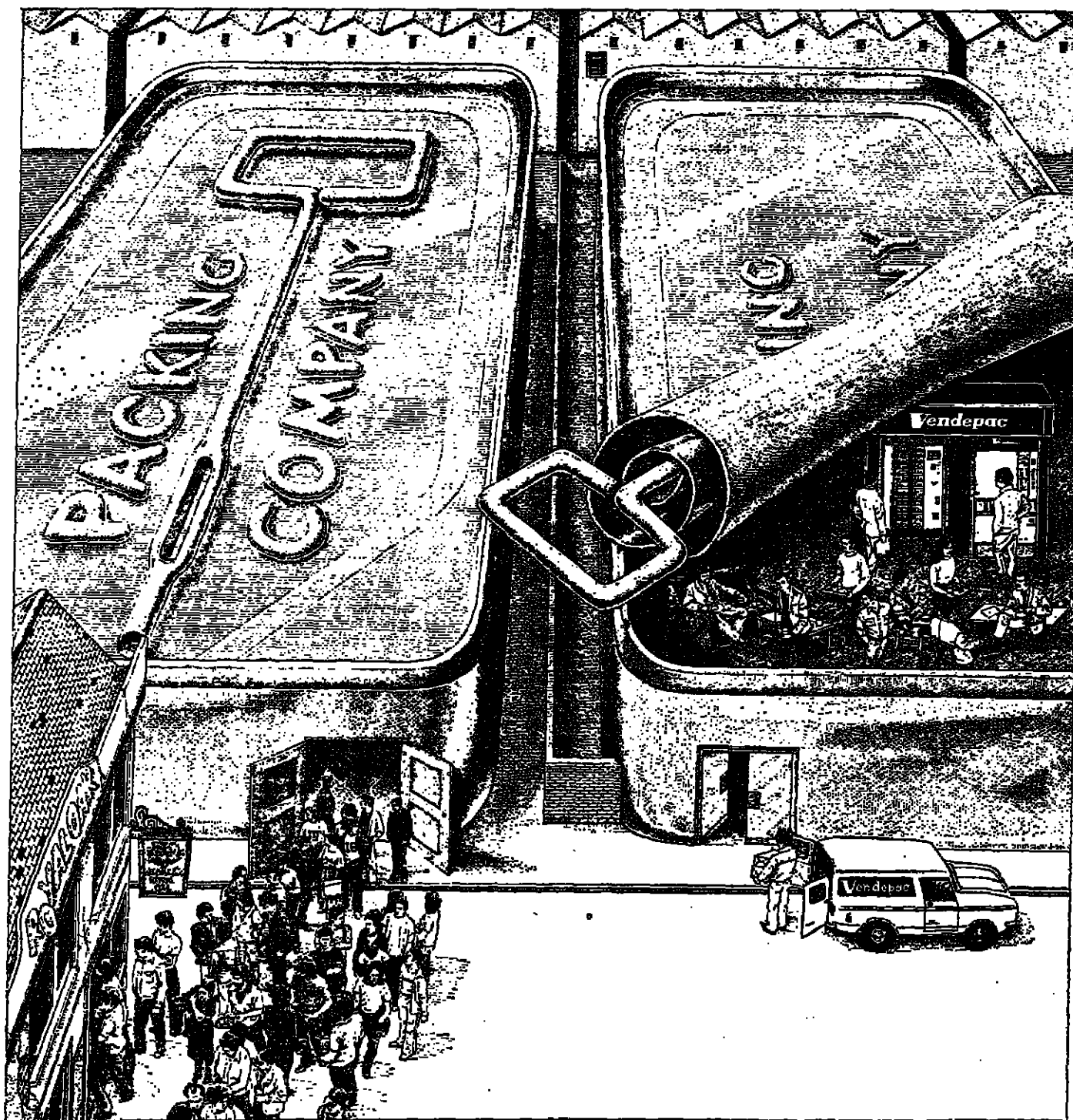
Profit sharing is in fact the aspect of employee participation in which the British Government is most interested, and some improvements are expected in the months ahead. Budget to the tax concessions which were introduced by the last Government as part of the Lib-Lab pact.

Although the UK Government has no immediate plans for legislation on other aspects of employee participation, it is concerned to improve communication and consultation in companies. Along with CBI leaders, James Prior, the Employment Secretary, has been openly critical of the waywardness of some companies, and has warned that the Government might eventually be forced to legislate to generate action. If it did so, it would probably only produce a code of practice on what companies should do.

Mr. Prior himself is personally interested in going further and has even talked about enfranchising the right of employees to have a say in the future of a company. "I badly want to see some reasonable enfranchisement of employees. It is not right that an employee of long service should have no rights at all," he told a CBI conference last autumn, stressing he was only airing his personal views.

There is therefore less of an emphasis than union's like on actually increasing the power or influence of workers over company decisions. But Sir John Methven, the CBI's director general, who was for a short time a member of the Bullock Committee on industrial democracy, believes he has a duty to try to persuade his members to increase employee consultation because, he says, it is the right thing for companies to do.

But he often sells the idea by warning, like Mr. Prior, that legislation will follow at some time or other, perhaps induced by the EEC, if companies do not do enough voluntarily.



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Economy

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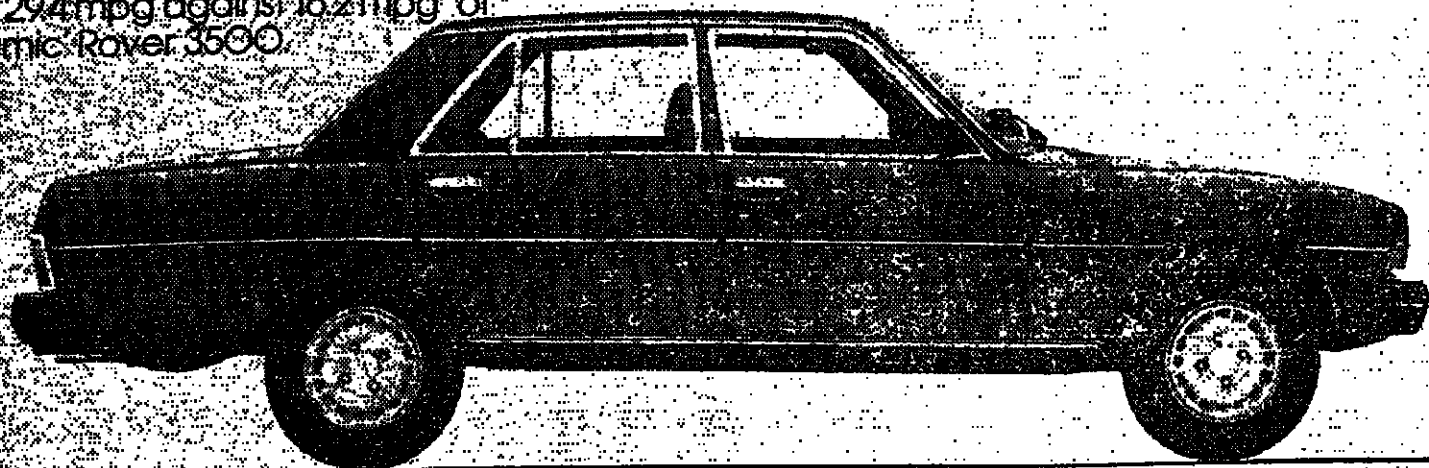
In addition to the astonishing fuel savings, the 604 D-turbo offers many other distinct advantages. The 2304 cc diesel engine has already been well proven by Peugeot and has strength and durability engineered into it. Fewer electrical components result in easier servicing and the nature and construction of the diesel engine ensures easy starting in all weather conditions.

Performance

On the motorway, the 604 D-turbo offers you cruising speeds you would expect from a luxury saloon in this class, quietly, comfortably. And on the Continent high speed autobahn motoring is smooth and effortless.

Luxury

The 604 D-turbo boasts an extremely high level of standard features, push-button electrically-operated sunroof and windows, all-round tinted glass, centralised pneumatic locking (which even closes the windows and sunroof automatically), responsive power assisted steering, 5-speed gearbox, thick plush-pile carpet and rich velour upholstery. The Peugeot 604 D-turbo combines luxury performance and style with a standard of economy never before witnessed in a luxury car. Why not contact one of the 274 nationwide Peugeot dealers to arrange a test drive.



D-turbo Fuel Consumption

46.3 mpg (11.1/100 km) at 56 mph (90 km/h)
32.8 mpg (8.0/100 km) at 25 mph (40 km/h)
29.4 mpg (8.4/100 km) on urban cycle

Rover 3500

16.2 mpg (17.1/100 km) on urban cycle
Miles 1000
48.5 mpg (5.8/100 km) at 56 mph (90 km/h)

*Petrol consumption in accordance with U.K. Government testing procedures.



Finance and leasing facilities available from Peugeot Finance

Anglo-French Finance Company Limited

I am interested in the Peugeot 604 D-turbo. Please send me information.

Name

Address

Tel

Peugeot Automobiles UK Ltd
333 Westfield Avenue
London W3 0RS. Tel. 01-993 2331



Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

MACHINE TOOLS

Cutting with very low distortion

LASER cutting equipment able to follow instructions, just as a computer numerically controlled machine tool would, is in operation at Lasercut Products of Bishop's Cleeve, Shropshire.

Supplied by Coherent (UK), the "moving optics" innovation allows a moving cutting head to follow any outline whose co-ordinates have been captured in the controller's memory.

Lasercut Metals' plant includes a Coherent Everlast 335 (a 550 Watt output carbon dioxide laser), and a linked computer-controlled XY table with a 2m x 1.6m cutting area. The XY table can copy at a linear travelling speed of up to 15 metres per minute.

The high-precision beam can be aimed within less than a thou, and offers a machining

process which is able to cut complex shapes quickly, accurately and practically distortion free.

The company is also cutting a whole series of other materials by laser—rubber, hardboard, cloth and acrylic perspex—all to intricate shapes that have to be accurate and have a good finish.

But it is in handling stainless steel that the company claims results far better than with any alternative method, and at relatively low cost. This is despite the fact that stainless is generally recognised as a material which is particularly hard to cut accurately and cleanly and without deforming.

Coherent (UK), Cambridge Science Park, Milton Road, Cambridge CB4 4BH 0223 68501.

Small batch costs less

CENTRE LATHE equipment running under computer numerical control, designed and manufactured by Hermann Traub GmbH has automatic tool calculation (ATC) to speed the setting-up time for small batch production. Presetting is totally eliminated, with tools being clamped at random into any of the six turret tool holders. Tool positions are automatically memory-frozen with respect to each other and the machine datum through the Traub TXY advanced control system, making its use for small batches extremely economical.

TND 320/800 designates the new slant bed, CNC turret-type chucking (220mm dia), shaft (800 mm long) and bar (42 mm dia) lathe which may be operated manually by punched tape or DNC data input. The numerical control unit is sited above the tailstock, in a housing which may be swivelled for ease of use. Programming may be made directly into the control unit from the workplace drawing, with sub-routine for a wide range of popular geometry being called up by

using the function keys. An optional VDU, mounted above the control unit, displays the routine sequence, guiding the operator through the cycle by question and answer dialogue. The TXY unit also displays the operator's guidance pattern. Plausibility checks and input constraint for dimensional parameters allow fault-free programming.

This total control system programming aid from Traub is a major advance which dramatically reduces the number of blocks used in programming for even the most complex of shapes, saving both time and the need for the normal high level of programming knowledge. Constant service speeds are achieved by the use of a 27kW DC drive motor, with the 4-quadrant control giving excellent dynamic behaviour and proving constant power over a wide range. The operator has only to call up the required surface speed once, then this remains constant regardless of the workpiece shape. Traub is at 249, Crickwood Broadway, London NW2 6NP. 01-452 7852.

MATERIALS

Strong cast steels cost less

LOW NICKEL casting steel formulation developed by the Department of Metallurgy and Materials Science at University College Cardiff is being released to the steel industry worldwide. In course of receiving patent protection, the formulation is described by the research team as belonging to the iron-manganese system with typically 12 per cent manganese.

The team says that nickel maraging steels have been known for many years but have found little application due to the high cost of nickel. Their formulation has properties similar to those of maraging steel based on nickel, but can be produced at very much less cost.

It gives materials with high strength but excellent toughness and this ratio can be altered at will by a simple heat treatment. The steels can be manufactured by vacuum or air-melting using constituents of high or low purity. With vacuum melting, the strength-toughness combination is better. But acceptable properties still can be obtained in less favourable production conditions.

This last characteristic is in marked contrast to many other high strength steel formulations in which the level of impurities is quite critical between satisfactory performance and disastrous properties. Thus, the Cardiff team seems to be well justified in calling the steel mix it has developed a "tolerant" material.

Further from Cardiff University Industry Centre, P.O. Box 78, Cardiff CF1 1XL. Cardiff 44211.

SAFETY

Non-slip decking

HUNDREDS of high protrusions offer safety to seafarers according to Du Pont which has developed a type of deck covering made of Polygrip which inhibits feet slipping off wet decks into the water.

Based on a special formulation of Neoprene and cork, this is characterised by a bossed surface with hundreds of 1mm high protrusions (6 or 10mm diameter) and is permanently affixed to the deck using a special two-component polyurethane adhesive.

More from Du Pont (UK), 18 Broom's Buildings, Fetter Lane, London EC4A 3DF (01-422 9044).

SECURITY

German unit foils the forger

A STRONG marketing effort is about to be mounted to introduce into the UK a well tried German security card access and time recording system called Interlock.

Sole rights in the UK are in the hands of a new company, Interlock Security Systems of Dorking, and Plessey Communications Systems of Nottingham is to undertake nationwide marketing, installation and servicing of the products.

Manufacturers are Interlock Sicherheitssysteme of Weingheim in West Germany, where some 2,000 systems have been installed since the introduction there in 1974.

Users include 3M, Adidas, BASF, Messerschmitt, the Stuttgart Police, German Railways and a dozen other concerns. The system has undergone continual updating and improvement by the makers and now utilises the latest semiconductor storage techniques.

A particular advantage claimed for the card employed is that it is impossible to forge or duplicate it. The German authorities have demonstrated that magnetic based and

electronic-active cards can be security penetrated.

Interlock's card uses coding impressions that are read by infra-red techniques with emitting diodes on one side of the reader slot and photocells on the other. However, an eight layer lamination is employed for added security: there are additional infra-red opaque patterns at various depths and the transmitted levels are measured to validate the material from which the card is made.

It is claimed that even if the overall pattern could be perceived in some way, perhaps photographically, it could never be duplicated. The cards are made in Switzerland in a complex plant under secure conditions.

An extremely large number of employee codes is possible and as an added measure the employee's colour portrait can be laminated below the card surface.

Card readers and master stations can be supplied for access control, for time recording including flexible hours schemes, or for both.

In the case of secure area

access, a compact unit reads the card as it is being inserted into a slot and the associated cable-connected terminal will check what is encoded on the card against what is held in the pre-programmed memory. Then the employee may enter, or not, the terminal appropriately operating either locks or alarms. Employee codes are held on random access memory (RAM) and fixed routines on programable read-only memory (PROM). An employee's lost card can simply be barred by entering appropriate instructions on the master terminal keyboard.

Microprocessor control allows system interrogation by management staff using keyboard and VDU and also allows more data to be accessible from floppy disc stores. In addition a printer can be programmed to print out specific data—for example, which people used which entrances at what time.

More from the company at 136 South Street, Dorking, Surrey (0306 880366).

GEOFFREY CHARLISH

COMMUNICATIONS

Developments in videotex

NEW RESEARCH services for organisations interested in the videotex/viewdata market are being launched by Butler Cox and Partners.

Videotex Report Series comprises 10 major reports to be published during 1980 and 1981 which will track worldwide development in videotex and analyse their implications for subscribing members.

In view of the increasing number of plans already announced for videotex in the 1980s by the countries most deeply involved in its development—Britain, France, Holland, Sweden, West Germany, the U.S., Canada and Japan—the next two years are likely to be crucial in establishing videotex as a major new communications medium in the business and

residential market places. From the foundations laid in the next two years will spring the mass markets of the mid-to late-80s, or so Butler Cox believes.

The group's decision to undertake the Videotex Report Series was prompted by requests from a number of international clients who have sponsored the company's previous research studies of "Videotex and its Potential Impact in the U.S." and "Videotex and its Potential Impact in Europe."

As with the previous studies, the Videotex Report Series will be published exclusively for the benefit of subscribers. In broad terms, the series will be of value to organisations in two categories: those directly

affected by videotex's potential for revenue earning; and those who are affected by videotex's potential to improve the effectiveness of internal commercial and administrative systems.

The ten reports in the series will be concerned with international developments in videotex relating to both public and private systems and residential and business market places. They will be researched on a worldwide basis and will examine the latest experience, plans and trends in order to determine the technical and commercial developments that may be expected within the next five years.

Butler Cox at 26-30 Holborn Viaduct, London EC1A 2BP, on 01-483 9381.

ENVIRONMENT

Warmth is directed downwards

HEAT trapped beneath ceilings and roofs can be directed downwards to work level by means of the Coral Winter Heat Economiser.

The unit, mounted at highest practical level, returns the hot air to work areas and maintains a constant temperature level of circulating air.

Hot air is "pushed down" to the work area by a fan fitted in

a circular metal housing which is attached to the ceiling or underside of the roof. It is stated that one unit centrally mounted in a 35,000 cubic ft factory bay would give adequate air movement and distribution of heat. Thermostatic control is provided.

Extracta Engineering, which supplies the heat economiser has also just acquired sole UK

selling rights of a portable unit for removing fumes created in production areas by soldering processes.

This unit, made in Italy by Coral SAS of Turin, employs an extraction fan and flexible tube to carry away the fumes. Details of both units can be obtained from Extracta at Bolder Road, Aldershot, Hants. (0252 318661).

ENERGY

Cold store blinds save power

NIGHT BLINDS for installation on chilled cabinets in multiple food stores can effect considerable savings in power consumption, says Shade One, Unit 3, Mallard Close Industrial Estate, Earls Barton, Northampton (0604 810523).

While the refrigerated food displays are open to customers for about eight hours a day, they are also on display for something like 16 hours night and day, which means that the compressors are working overtime and consuming valuable power.

With the use of the company's Chillscreen night blinds, the cabinets can be shrouded out of trading hours, thus retaining cool temperatures within and at the same time not affecting the ambient temperature in the store.

These power-saving blinds incorporate either gear-operated or spring-loaded aluminium rollers (said to be more reliable and have a longer life than the orthodox ratchet type). Longer life is also claimed for the metallised reflective material used in the production of the screen itself, whose surface is

vacuum-coated with 99 per cent pure aluminium providing similar heat-reflecting properties to materials used in the protection of spacecraft.

The company has carried out tests with refrigeration engineers on behalf of a nationally-known UK supermarket group and says that over a four-week period—two weeks without blinds in use and a fortnight with blinds used during store closed hours—a total saving of power over the full period of two weeks using the blinds was 36.5 per cent.

Once fitted, the blinds offer an increased safety factor should a cabinet break down during the weekend or over a holiday period, says the company, which recommends that during a day-time breakdown, Chillscreens should be pulled down over the cabinets until the arrival of an engineer. All components and materials are either of plastic or aluminium and easily cleaned.

SOFTWARE

Control of manufacture

ORIGINATOR of the widely-used Total database management system, Cincom Systems, has completed development on a new product which in time is likely to prove just as acceptable as Total, but within manufacturing industries.

MRPS—manufacturing resource planning system—is a dynamic system for use by plant management to develop a master manufacturing plan, set up and control materials requirements, as well as inventories, orders, workloads, etc.

However, it goes further than the actual manufacturing operation since it ensures that the whole company structure becomes geared to this manufacturing plan and this is achieved by presenting on demand, company information which previously was too costly or time-consuming to prepare by manual methods.

This type of information could include cost projections, future cash flow, labour and capacity needs and so on.

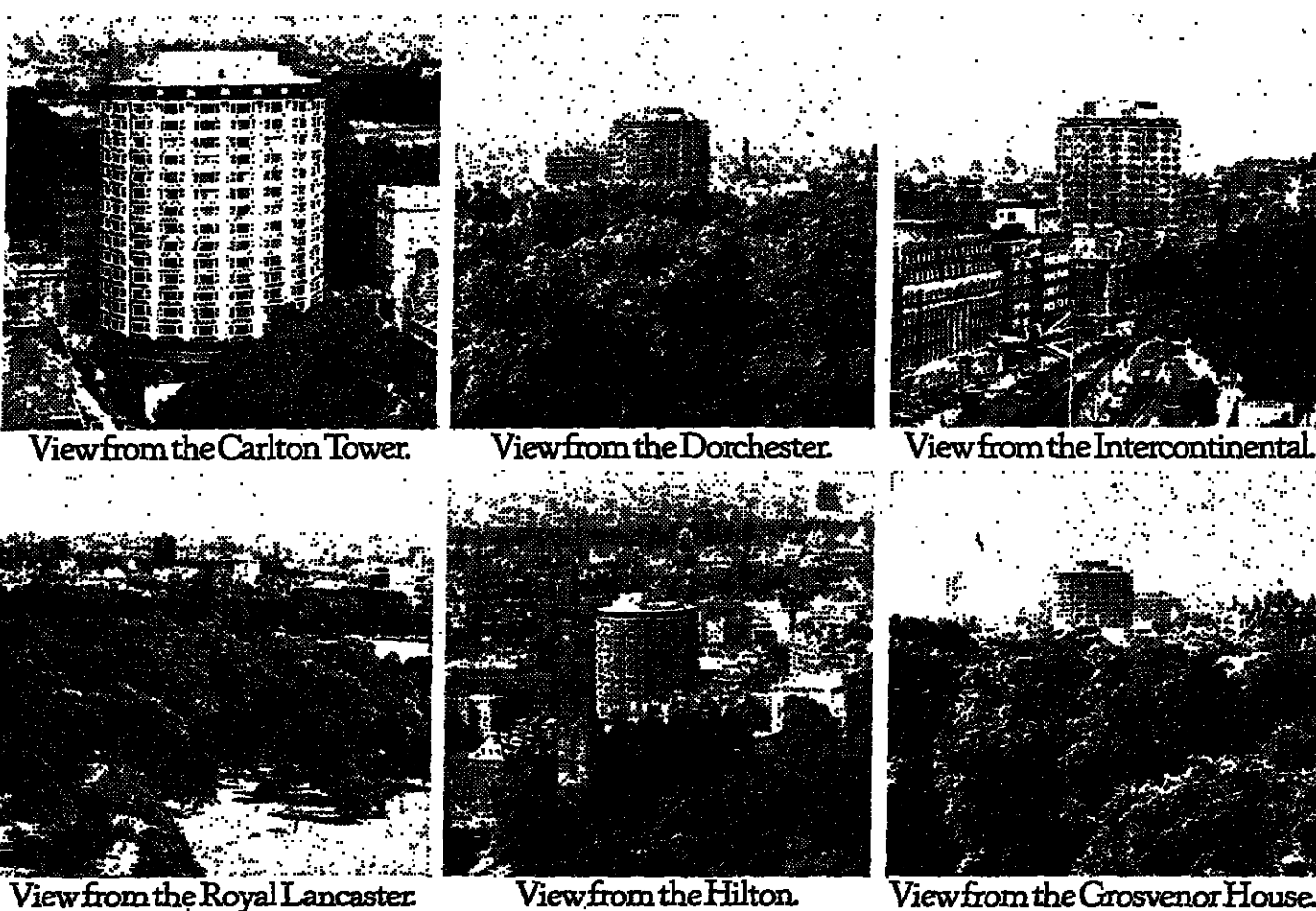
Development costs are already of the order of £1m but

work is continuing to add new facilities to the three major sections now released and under trial in Europe with a number of major users.

The three basic units making up the package are master data maintenance, materials control and materials resource planning. To these are being added over the next 12 months master production scheduling, shop floor control and loading, vendor analysis and purchase control.

Interesting in the present context is that one of the UK groups to which the product has been demonstrated had earlier made an estimate of what it would cost to develop something similar in-house. It came up with a figure of over £1m for a system which would have been considerably more rudimentary than Cincom's MRPS, having no portability and being somewhat inflexible.

Cost of the full MRPS is just over £90,000. Cincom Systems International, St. Ives House, Maidenhead, Berks. 0625 29456.



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JOBS COLUMN, APPOINTMENTS

First legal limit on a company appointment

BY MICHAEL DIXON

Director and General Manager
Exploration Companies
British Gas Corporation London HQ

"Over the next five years... about one sixth (of the £1750 million to be spent in total) will be for offshore development by the Corporation's subsidiary companies". Annual Report March 1979.

"We are confident about the prospects for further significant finds of gas around our coasts..." Sir Denis Rooke, Chairman, British Gas Corporation, 1979.

These quotations demonstrate the confidence behind the investment in the future exploration plans of the British Gas Corporation which already supplies over 40% of Britain's energy requirements.

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We seek candidates male or female with a first class scientific grounding, who have gained accountable, practical experience and success in the oil and gas exploration zones.

In return we offer a U.K. based appointment, a highly presentable (but not expensive) compensation package and an opportunity to provide a real contribution to this highly respected and efficient organisation.

Interested applicants are asked to send full details of their career, in confidence, to Desmond Hoare, at the address below, quoting Ref. No. 1532/FT.

Charles Barker-Coulthard

30 Farringdon Street, London EC4A 4EA.

Telephone 01-236 0256

Management Selection-Executive Search

WHAT IS the first job which directors of public limited companies in the United Kingdom are almost certain to be legally required to fill with a person possessing "the requisite knowledge and experience"?

The answer is the job of company secretary. And the requirement is stated in a new clause added to the Companies Bill, which is about to be passed from the House of Commons to the Lords on its way to becoming law.

The addition owes much to the efforts of Graham Page, the Conservative Member of Parliament for Crosby, who just happens to be a Fellow of the Institute of Chartered Secretaries and Administrators. The abbreviated form of that title, by the way, is FCIS because the alternative FICSA would scream out to be pronounced "Fixer," which the institute feels would not be seemly.

Even so, when the clause is put into force, the company secretaries of an estimated 10,000 public limited concerns will not necessarily have to possess paper qualifications.

Those without bumf-bucking will remain employable if they are already a company secretary or assistant or deputy, or if they have done the secretary's job for a public company for at

least three of the previous five years. Moreover, concerns will still be able to appoint anyone who by having held "any other position," appears to the directors to be capable of discharging the company secretary's duties.

But the writing is nonetheless on the wall for candidates bereft of certificates, according to Barry Barker, secretary of the secretaries' institute. (I have just telephoned his secretary to see if her title is secretary to the secretary of the secretaries; but it evidently is not. She answered the telephone with the words: "Station 69".)

Mr. Barker believes that company Boards will increasingly restrict the appointment to properly papered people rather than risk having to defend the choice of some bunshead in the event of something going badly wrong.

"Obviously, we welcome the measure," he says. "I look on it as the first attempt at preventive medicine to safeguard public companies' health. Things like auditors, Stock Exchange inquiries and what have you, usually don't get called in until the illness is already established."

But although he looks forward to an increase in calls by

companies on the special employment service for members of his institute, which it runs in conjunction with MSL, his joy at the legislative coup is by no means Bacchanalian proportions.

The reason for the restraint is the clause's list of professional bodies, membership of which is deemed an appropriate qualification for a public company secretary's job.

The first named in the clause are UK barristers, advocates or solicitors. Then the list ranks, in descending order, the Chartered Accountants of England and Wales, their Scottish counterparts, the Chartered Accountants, and the Chartered Institute of Ireland.

It is only then that the ranking names the Institute of Chartered Secretaries and Administrators, followed by the Institute of Cost and Management Accountants and the Chartered Institute of Public Finance and Accountancy.

That is hardly generous treatment for Barry Barker's body, which has been working to revive parliamentary interest in a measure which had been officially forgotten since its last brief appearance on the agenda in 1967. It seems that while, in Mr. Page, the chartered secretaries had an ace in Parliament, they have been

neatly trumped by the influence of the legal and main accountancy bodies on the Government Departments responsible for drafting the legislation.

The circumstances remind me of the fictional character who could not enjoy good food after he became a Baronet. His appetite never survived the time spent waiting to go into dinner behind the Sons of Life Peers and Lords of Appeal in Ordinary.

But Mr. Barker is not a man to be depressed by his institute's lowly ranking. Indeed, I have a suspicion that on leaving his office the other morning, I heard him humming: "We shall overcome... some day."

To aid spastics

PAT LINDSAY, of the Tyack and Partners recruitment consultancy, is seeking someone to succeed James Loring as director of the Spastics Society. After 13 years in the job, Mr. Loring will leave at the end of this month to concentrate on being president of the International Cerebral Palsy Society. The newcomer will be based in London's Park Crescent—four doors away from the aforesaid Barry Barker—and will be responsible to a council of around 16 members elected by

the Spastics Society's regional branches. Although the elections are annual, the chairman, Dorrien Belson, has held the office for the past seven years.

The society relies greatly on voluntary work in running its residential centres, workshops, educational and recreational activities and so on. But there are about 2,500 staff of one sort or another up and down the country, of whom some 180 are at or near headquarters.

Responsible for a yearly budget of £14m, the recruit will be immediately supported by a director of fund-raising who of course brings the money in, a director of resources who pays it out, and a director of finance who presumably tries to keep the other two in reasonable balance.

Mr. Lindsay thinks that there is no point in people applying for the job unless they have a concern for and an understanding of the problems faced by spastics. Centrally important also are the experience and personality to "front" the society in the public eye, and the political sensitivity to keep the organisation working coherently despite the fragmenting potentialities of a network of committees and dependence on voluntary support.

He therefore believes that

candidates need to have been successful as senior managers in a large, complicated organisation, preferably in business, and to have had top-level control of large-scale finance. Since the age range is 43-55, the post could well suit an executive tempted to switch into a "second career."

Arrangements for pay are negotiable within a total of about £15,000 to £20,000. Inquiries to Mr. Lindsay at 10 Hallam Street, London W1N 6DJ; telephone 01-580 2924.

Follow that!

FINALLY, having room for a parting shot, I can think of none better than the following example reported by Jim Kennedy, of Consultants News, from a recent conference of the American Association of Executive Recruiters.

Perhaps because most of the proceedings were pretty boring, a lively speaker called Graef Crystal earned a full minute's applause. He then stunned the audience into silence by remarking: "If you enjoyed hearing me half as much as I enjoyed being here, then I enjoyed being here twice as much as you enjoyed having me."

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The company is a major and successful American manufacturing conglomerate, with a remarkable record of success in the States and a growing presence in Europe. The Financial Director, based in America, is looking for a qualified and experienced accountant, with fluency in at least two other European languages (one of which should be Spanish), to manage the entire audit operation throughout the continent. Professional qualifications, evidence of genuine intellect and the ability to handle local management of many varying types are all essential - along with both professional and industrial experience, probably with multi-nationals with a sophisticated approach to financial control. The position is based in Bedfordshire, but the selected candidate should expect to spend plenty of time away from home. It's a company which has based its success upon youth, and that will influence our thinking, but apart from that the only prejudice in our selection will be a determination to find real ability. Our client is prepared to pay for it - in salary, in excellent fringe benefits and in prospects. Please write, with full career details, to Graham Oliver.

Applications, which may be from male or female candidates, will be treated in complete confidence and should quote reference 0033/GEGO.

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Names will only be disclosed to our principals with the applicant's permission.

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Our client urgently needs a young qualified accountant to carry out management audits primarily in the Spanish speaking areas of the world but also in other locations. The corporation is a major multinational and the London office plans and executes reviews of company systems and ensures adherence to corporate philosophy. Candidates will be in their mid 20's recently qualified and preferably with experience gained in a manufacturing environment. Commercial fluency in Spanish is essential. The company sees this position as a lead-in to line management and one particular possibility is a move to South America in the short term. Benefits are excellent.

N.P.S. Lilley. Ref: 22189/FT. Male or female candidates should telephone in confidence for a Personal History Form to: LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

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Whitstable, Kent.
Telephone: Whitstable 266333.

Assistant to
Group Financial Director

Charles Barker ABH International is a British owned group and is one of the fastest growing companies in its field.

The group comprises three specialist advertising agencies, the largest public relations consultancy outside the U.S. and a rapidly developing management selection and executive search consultancy all based in London. Separate companies providing all these skills are also located in Birmingham, Manchester and in Scotland. International coverage is provided by an expanding network of companies throughout the world.

The Financial Director of the group is looking for an assistant. Ideally he or she will be aged between 25 and 35 and will probably be

qualified or taking finals. Apart from technical skills, ambition and the ability to communicate well with and relate to colleagues both verbally and in writing are vital. Some experience in commerce is desirable, preferably in a service industry. Willingness to travel is important.

This is an exciting opportunity which carries with it a competitive salary, company car and all other fringe benefits to be expected of a progressive company. Please write in confidence to Michael Horstead, Charles Barker ABH International Limited, 30 Farringdon Street, London, EC4A 4EA with a summary of your experience and career to date quoting ref. FT 11/3.

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THE ECONOMIST is looking for a senior writer on financial matters. Journalistic experience is desirable, though less important than original thought and an ability to express it clearly. The successful applicant must be a self-starter, numerate and able to meet deadlines. He or she may have a special interest in accountancy, banking or property - or simply a first class mind.

If you think you measure up, write to:
THE EDITOR, THE ECONOMIST
25 St. James's Street, London SW1A 1HG

CHIEF EXECUTIVES
Urban Development Corporations

London Docklands Merseyside Docklands

The Government intends to set up Urban Development Corporations in London and Merseyside. Legislation to provide for this is before Parliament. Applications are invited for the two new posts of Chief Executive to each Corporation. These are to be filled on a "shadow" basis in the early summer and it is expected that the two Corporations will be set up on a statutory basis about six months later.

The task of each Corporation will be to spearhead the regeneration of the designated area of docklands. The Chief Executive will be a member of the Board of his or her Corporation. He or she will need to work closely with local authorities and other public bodies, and also with industrial and commercial interests in the field of development. Relevant experience at a high level will be required.

Salary commensurate with responsibilities, and in line with top public sector pay. The post will be pensionable.

Further particulars may be obtained from Timothy Hornsby, Head of Inner Cities Division, Room P1/070, Department of the Environment, 2 Marsham Street, London SW1P 3EB. Applications accompanied by a full curriculum vitae should be sent to him by 3rd April, 1980.

14 LOMBARD

The Italian caper

BY DAVID PALMER

IT IS just possible that an Italian called Brambilla is the most important person in the EEC economy at the present time.

Brambilla is the man who is holding Italy's economy together. He is variously credited with creating between 10 and 30 per cent of Italy's GNP—the current best guess is 20 per cent. No less a man than Sig. Pandolfi, Italy's Treasury Minister, has named a currency after him ("the Brambilla lira"). And Brambilla is making a significant contribution to Italy's sparkling export growth over the past two years, a period when sales abroad have gone up 20 per cent by volume.

Wild guesses

Scieur Brambilla is the archetypal Italian small businessman. (Scieur is Lombardy dialect for Signor and you will find roughly as many Brambillas in a Lombardy telephone directory as you will Joneses in a Welsh one.) His factory may make machine tools, clothing, light engineering products, shoes, gloves or jewellery, all products in which Italy has a significant export surplus.

Estimates of how many Brambillas there are and how much wealth they create represent wild guesses on the part of the authorities. Many of the Brambillas do not declare what they are doing and have a thoroughly Mediterranean attitude towards VAT and income tax. Where convenient, they will use barter as a substitute for cash.

The Brambilla workforce is non-unionised, and negotiations over remuneration take due account of the fact that a worker is already receiving various forms of unemployment benefit from the state.

"Naples," I was told with some pride last week, "produces more gloves than any other city in the world—and it does not have a single glove factory." The gloves come from thousands of backrooms all over the city, and once made they are channelled through Neapolitan trading companies on their way to world markets—many of

them carrying the labels of the world's top fashion houses.

"You see," explained one senior industrialist, deftly turning the theory of perfect competition inside out, "they (in this case the machine tool industry Brambillas) are really all monopolists. Each of them has specialised in a particular product, so they can charge what they like and make good money."

Meanwhile Sig. Pandolfi, the Treasury Minister, finds he has to manage two economies with two liras, the "Fiat lira" and the "Brambilla lira." The level of the lira at which Fiat is competitive in international markets is significantly lower than the one at which Brambilla can bring in his (undeclared) profits. Fiat in the private sector, and Italy's large and debt-ridden state holding companies in the public sector are faced by an all too familiar litany of constraints on their freedom of action: powerful trade unions; labour legislation that puts a high financial lead to ever greater concentration of capital in the hands of huge monopolies. The smaller capitalist would be driven to the wall. Not a bit of it.

While the state-controlled groups, the heirs to Mussolini's corporate state, lurch from crisis to crisis, Scieur Brambilla is alive and well, thriving in a world of old-fashioned, nineteenth century, profit-motivated capitalism. Italy being Italy, a lot of the wealth being created by Brambilla is coming from the dark side of the black economy. But Italy being Italy, the quality of the goods is high, and small-firm capitalism is being organised with all the exuberance and vitality that one feels as soon as one steps on Italian soil.

Monopolies

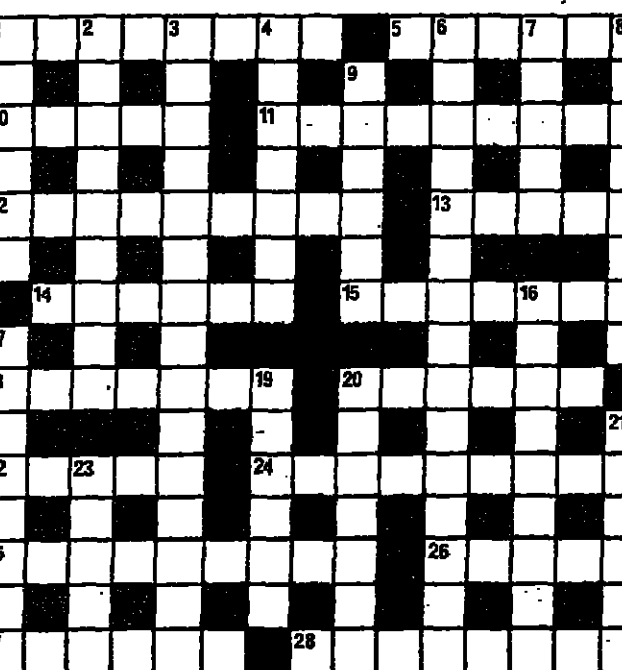
But Brambilla is doing more than that. In a country with the largest Communist party in Europe, he is turning Marxism on its head. Marx believed that the inevitable laws of social and economic development would lead to ever greater concentration of capital in the hands of huge monopolies. The smaller capitalist would be driven to the wall. Not a bit of it.

While the state-controlled groups, the heirs to Mussolini's corporate state, lurch from crisis to crisis, Scieur Brambilla is alive and well, thriving in a world of old-fashioned, nineteenth century, profit-motivated capitalism. Italy being Italy, a lot of the wealth being created by Brambilla is coming from the dark side of the black economy. But Italy being Italy, the quality of the goods is high, and small-firm capitalism is being organised with all the exuberance and vitality that one feels as soon as one steps on Italian soil.

All Regions as BBC1 except as follows:

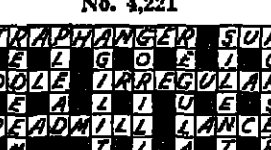
Wales—10.30-10.55 am Ysgello, 4.40 pm Crystal Tips and Alistair, 4.45-5.05 Yn Noson

F.T. CROSSWORD PUZZLE No. 4,222



- ACROSS**
- Licence to travel and transfer wine (8)
 - Quaint offspring could be favourite (4,2)
 - Catch nothing in beak (5)
 - Sailor in eastern ship added favour (9)
 - Malice is sugary and salt (5,4)
 - Learners about to copy part of a coat (5)
 - Screen a puzzle (6)
 - Stress is back in part of joint (7)
 - Gent has mixed a peg of whisky and soda (7)
 - Plaster me in currency (5)
 - Piece let in, in television (5)
 - Examination without warning by doctor looking for measles? (4,5)
 - A role people take initially in living quarters (9)
 - Turning up tin to feed into computer (5)
 - Last flash by river (8)
 - Soldiers scrutinise investigation (8)
- DOWN**
- Beat offensive around Northern Ireland (8)
 - Prop up rope on the coast (9)
 - Conjurer mixed spirit to grade it (15)
 - Put back remainder on mineral aggregate (7)
 - Exercising mother on ravine, but it needs a bit inserted when working (8,7)
 - Highly inclined to pace round one quarter (5)
 - Young bird getting home with fish (8)
 - Satellite makes smooth start of trajectory (6)
 - Publican takes guard in interior (9)
 - Enter landed property to make a rough calculation (8)
 - Has net put up in hurry (6)
 - I must leave clothes in confusion and chuckle (7)
 - Drawing head of skipper on ship (6)
 - Sober way to help (5)

SOLUTION TO PUZZLE No. 4,221



LAST MONTH an issue of The Times contained a reply to a Parliamentary Question, indicating that in real terms to restore duty increases on wines to the 1977 level (when the last rise was made) would mean a 30 per cent jump in duty: 22p a bottle. This was regarded as a hint of steep increases in the impending Budget. In the same issue an announcement from Brussels was reported indicating that owing to the near-record European Community vintage last year of 3,675 million gallons, the rise in consumption last year should have taken the total comfortably over 50m gallons.

It is well known that during the last decade there has been a big increase in table wine consumption in Britain. Among those aged 18 or over it rose by 50 per cent between 1970 and 1978, and surely increased again in 1979. The market survey consultants' Target Group Index, estimated that table wine drinkers aged 18-plus totalled 17.8m, by 1978 it had grown to 21.4m. This shows, incidentally, that the increase in consumption has arisen from more people drinking wine, not from a noticeably greater per capita consumption, estimated at only about 1 per cent up in the last five years.

The latest figures for wine imports, including fortified wines, but not vermouth, show that last year we imported £290m worth: but that was only

period beginning in 1974 when they rose every year: from £1.50 a dozen bottles to £6.50—a rise of 333 per cent that even now has outrun the rate of inflation since 1974.

Moreover, the Revenue has certainly benefited by a standstill in duties. In 1974 the total of 41.1m gallons, and only 41.2m gallons three years later. But in 1978 it was 49.4m gallons, and the rise in consumption last year should have taken the total comfortably over 50m gallons.

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The latest figures for wine imports, including fortified wines, but not vermouth, show that last year we imported £290m worth: but that was only

half the value of Scotch whisky exports, always a rather sensitive subject with the two main EEC wine producers, France and Italy, as shown by the heavy VAT imposed by the latter on Scotch. So there would appear to be good grounds, financial and political, for not discouraging the growth of wine drinking in Britain.

Unfortunately, the financial and psychological impact of frequent duty increases (customs, excise and VAT) on

whether goods or services. Yet to be fair, to describe anything as "unreasonably" or "too expensive" implies that its cost has risen more than other commodities. In the case of wine the comparisons should be made with other items that we use on our dining tables. Taking the main categories of meat, vegetables, tea, coffee, milk, cheese and other foods, the index shows that in the last 10 years they have increased in price by about 3½ times; some

In 1970 the Wine and Spirit Association estimated the price of an average, typical bottle of table wine at 13s 9d (69p). Today this figure would lie between £1.50 and £1.75, although one can buy more cheaply.

Probably it is chiefly the vintage wines, however modest, that are now considered too high in price. Some sympathy can be given to this view, partly because until recently a great many of the middle quality range, such as the crus bourgeois of Bordeaux, were too poorly remunerated, with a negative effect on the quality that they could afford to provide. The gap between their price and the quality of the wine was too large. The gap between their price and the quality of the wine was too large.

Surprisingly, the higher level claret is relatively cheaper than they were. To take a few examples from the lists of traditional wine merchants, who might be expected to be at the higher end of the price brackets, in 1970, Harveys of Bristol were selling their Bordeaux Rouge at 14s 7d (73p). In the latest list it is £2.27. Their Rioja has risen from 11s 9d (59p) to £2.12 and their Luncheon Dry sherry, a slightly smaller bottle, from £1.19 to £2.05. Their Pinot

"house" champagne has gone up from £1 17s (£1.85) to £3.12. Berry Bros' popular No. 5 sherry has only increased from £1.55 to £3.41. Five-year-old Warre '63 on Avery's 1968 list at 29s (£1.45) may be compared with £5.55 for nine-year-old Warre '70 now.

German wines are certainly relatively less expensive than they were at the beginning of the '70s, and this applies to most Italian quality wines too. Of course, in cash terms, wines cost more than they did five or ten years ago, and successive governments have some responsibility for that, but much of the concern expressed about wine prices may be attributed to two causes. First, wine is often more part of the social scene than of the gastronomic one, so that quality is of lesser importance than price. A bottle on the table is a bottle on the table, regardless. Secondly, it is possible to buy down on wines, as cannot be done with most other foods. The going price must, broadly, be paid for wine there is usually something cheaper. Maybe that is good, but not everyone will notice.

None of this implies that wines are cheap; merely not out of line with other consumable commodities. Let us hope that the Budget does not change this unfavourably. At the expense, maybe, of the Revenue as well as of wine drinkers.

Paute should offer good value

TAKING the view that Monksfield does not represent betting value at around 11-8 for this afternoon's Champion Hurdle, the author of the book "The Champion Hurdle" has not attained the status necessary to oblige. I intend siding with Paute.

It is difficult to understand the reasoning of ante-post backers, who, almost to a man, have shunned this French challenger, whose odds have been fluctuating around 33-1.

Although Paute is virtually a newcomer to English hurdles, his last victory was over three miles, in the 1979 French Champion Hurdle and gained his most recent success in runaway style.

He will relish the testing

ground, to which he is accustomed, and his immensely experienced jockey, Martin Blackshaw, knows Cheltenham as well as most English-based jockeys.

Paute, who worked and schooled over the course yesterday, is a tough young hurdler capable of giving Monksfield a tough battle should it come to the expected slogging match up the gruelling final hill.

I take that pair to be followed home by the consistent six-year-old Connaught Ranger who should produce his best performance so far for Fred Rimell.

Anyone looking for a long-priced each-way prospect among the winners would do well to consider Norfolk Downs. This five-year-old is one of the two youngest horses in the field—the other is Pollardstown—

who turned in a remarkable performance on his last appearance at Cheltenham by comfortably beating Celtic Ryde at level weights over 2½ miles in the Tote Treble Hurdle.

Success would make Norfolk the youngest winner of the Champion Hurdle since Night Nurse's first victory four years ago.

Six-year-olds have the best post-war record in the race. In the 34 Champion Hurdles since 1945, 14 winners have been that age, seven-year-olds have won on seven occasions and five-year-olds one each for nine, 10 and 11-year-olds.

Cheltenham
2.15—Brickwall Hotel
2.50—Corrib Chieftain**
3.30—Paute**
4.05—Monksfield**
4.40—Killdwell
5.15—Swelfth Sen

GRANADA
1.20 pm Granada Reports, 5.10 This Is Your Right, 5.15 Crossroads, 6.00 Granada Reports, 6.30 Emmerdale Farm, 7.00 The Virgin and the Gypsy.

HTV
1.20 pm Report West Headlines, 3.45 The Entertainers, 5.15 Mags Gilla, 5.20 Crossroads, 6.00 Report West, 6.30 Best in the West, 10.35 The Big Picture, 11.00 The Virgin and the Gypsy, 11.30 The Virgin and the Gypsy.

ITV
1.20 pm Report West Headlines, 3.45 The Entertainers, 5.15 Mags Gilla, 5.20 Crossroads, 6.00 Report West, 6.30 Best in the West, 10.35 The Big Picture, 11.00 The Virgin and the Gypsy, 11.30 The Virgin and the Gypsy.

SCOTTISH
1.20 pm News and Weather, 1.30 Selwyn, 5.15 Alastair Macdonald, 5.20 Crossroads, 6.00 Scotland Today, 6.30 The Virgin and the Gypsy, 7.00 The Virgin and the Gypsy, 7.30 The Virgin and the Gypsy, 8.00 The Virgin and the Gypsy, 8.30 The Virgin and the Gypsy, 9.00 The Virgin and the Gypsy, 9.30 The Virgin and the Gypsy, 10.00 The Virgin and the Gypsy, 10.30 The Virgin and the Gypsy, 11.00 The Virgin and the Gypsy, 11.30 The Virgin and the Gypsy.

SOUTHERN
1.20 pm Southern News, 5.15 Dick Tracy Cartoon, 5.20 Crossroads, 6.00 Day by Day, 6.30 Emmerdale Farm, 7.00 The Virgin and the Gypsy, 7.30 The Virgin and the Gypsy, 8.00 The Virgin and the Gypsy, 8.30 The Virgin and the Gypsy, 9.00 The Virgin and the Gypsy, 9.30 The Virgin and the Gypsy, 10.00 The Virgin and the Gypsy, 10.30 The Virgin and the Gypsy, 11.00 The Virgin and the Gypsy, 11.30 The Virgin and the Gypsy.

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1.20 pm Southern News, 5.15 Dick Tracy Cartoon, 5.20 Crossroads, 6.00 Day by Day, 6.30 Emmerdale Farm, 7.00 The Virgin and the Gypsy, 7.30 The Virgin and the Gypsy, 8.00 The Virgin and the Gypsy, 8.30 The Virgin and the Gypsy, 9.00 The Virgin and the Gypsy, 9.30 The Virgin and the Gypsy, 10.00 The Virgin and the Gypsy, 10.30 The Virgin and the Gypsy, 11.00 The Virgin and the Gypsy, 11.30 The Virgin and the Gypsy.

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1.20 pm Southern News, 5.15 Dick Tracy Cartoon, 5.20 Crossroads, 6.00 Day by Day, 6.30 Emmerdale Farm, 7.00 The Virgin and the Gypsy, 7.30 The Virgin and the Gypsy, 8.00 The Virgin and the Gypsy, 8.30 The Virgin and the Gypsy, 9.00 The Virgin and the Gypsy, 9.30 The Virgin and the Gypsy, 10.00 The Virgin and the Gypsy, 10.30 The Virgin and the Gypsy, 11.00 The Virgin and the Gypsy, 11.30 The Virgin and the Gypsy.

WESTWARD
1.20 pm Southern News, 5.15 Dick Tracy Cartoon, 5.20 Crossroads, 6.00 Day by Day, 6.30 Emmerdale Farm, 7.00 The Virgin and the Gypsy, 7.30 The Virgin and the Gypsy, 8.00 The Virgin and the Gypsy, 8.30 The Virgin and the Gypsy, 9.00 The Virgin and the Gypsy, 9.30 The Virgin and the Gypsy, 10.00 The Virgin and the Gypsy, 10.30 The Virgin and the Gypsy, 11.00 The Virgin and the Gypsy, 11.30 The Virgin and the Gypsy.

YORKSHIRE
1.20 pm Southern News, 5.15 Dick Tracy Cartoon, 5.20 Crossroads, 6.00 Day by Day, 6.30 Emmerdale Farm, 7.00 The Virgin and the Gypsy, 7.30 The Virgin and the Gypsy, 8.00 The Virgin and the Gypsy, 8.30 The Virgin and the Gypsy, 9.00 The Virgin and the Gypsy, 9.30 The Virgin and the Gypsy, 10.00 The Virgin and the Gypsy, 10.30 The Virgin and the Gypsy, 11.00 The Virgin and the Gypsy, 11.30 The Virgin and the Gypsy.

Radio Wavelengths

- 105.3kHz/25m
- 105.3kHz/25m
- 121.5kHz/247m
- 90-92.5kHz stereo

RADIO 1
(5) Stereophonic broadcast
5.00 am News Summary, 5.03 Ray Moore (S), 7.30 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Favourite for Thought, 10.03 Jimmy Young (S), 12.03 pm David Hamilton (S), 2.03 Steve Jones Request Show (S) including Racing from Cheltenham, 4.03 Mike Read, 8.00 Brian Matthew with Peel (S), 12.00-5.00 am As Radio 2.

RADIO 2
5.00 am News Summary, 5.03 Ray Moore (S), 7.30 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Favourite for Thought, 10.03 Jimmy Young (S), 12.03 pm David Hamilton (S), 2.03 Steve Jones Request Show (S) including Racing from Cheltenham, 4.03 Mike Read, 8.00 Brian Matthew with Peel (S), 12.00-5.00 am As Radio 2.

RADIO 3
5.00 am News Summary, 5.03 Ray Moore (S), 7.30 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Favourite for Thought, 10.03 Jimmy Young (S), 12.03 pm David Hamilton (S), 2.03 Steve Jones Request Show (S) including Racing from Cheltenham, 4.03 Mike Read, 8.00 Brian Matthew with Peel (S), 12.00-5.00 am As Radio 2.

BBC Radio London:
1468kHz, 20m & 94.9mV
1468kHz, 20m & 94.9mV

London Broadcasting:
1181kHz, 20m & 97.2mV

Overseas (S): 8.00 News, 8.05 Morning Music, 8.10 News, 8.15 News, 8.20 News, 8.25 News, 8.30 News, 8.35 News, 8.40 News, 8.45 News, 8.50 News, 8.55 News, 9.00 News, 9.05 News, 9.10 News, 9.15 News, 9.20 News, 9.25 News, 9.30 News, 9.35 News, 9.40 News, 9.45 News, 9.50 News, 9.55 News, 10.00 News, 10.05 News, 10.10 News, 10.15 News, 10.20 News, 10.25 News, 10.30 News, 10.35 News, 10.40 News, 10.45 News, 10.50 News, 10.55 News, 11.00 News, 11.05 News, 11.10 News, 11.15 News, 11.20 News, 11.25 News, 11.30 News, 11.35 News, 11.40 News, 11.45 News, 11.50 News, 11.55 News, 12.00 News, 12.05 News, 12.10 News, 12.15 News, 12.20 News, 12.25 News, 12.30 News, 12.35 News, 12.40 News, 12.45 News, 12.50 News, 12.55 News, 1.00 News, 1.05 News, 1.10 News, 1.15 News, 1.20 News, 1.25 News, 1.30 News, 1.35 News, 1.40 News, 1.45 News, 1.50 News, 1.55 News, 2.00 News, 2.05 News, 2.10 News, 2.15 News, 2.20 News, 2.25 News, 2.30 News, 2.35 News, 2.40 News, 2.45 News, 2.50 News, 2.55 News, 3.00 News, 3.05 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THE ARTS

Logan Hall Theatre, WC1

Pizza Express
Jazz Festival

by KEVIN HENRIQUES

Restaurateur / jazz patron Peter Bolez served up his second annual feast of jazz on Friday, mixing music of most categories at a quality level which was never anything but high. A pity, then, that such a discernible bill of fare was not savoured by a larger number of people. The set-up for the event, the 900-seat Logan Hall Theatre and the adjoining Jeffery Hall, separated by a foyer where, throughout the evening, a sequence of pianists entertained and food, drinks and records were on sale, seems ideal for a comparatively small-scale venture such as this. Perhaps the location, in a little-known (except to university students) and unfashionable part of London, deterred the notoriously somnolent jazz followers.

For the hundreds who did make the effort the rewards were considerable. For the absurdly small investment of £5, or at most £8, they heard seven hours of thumping good jazz. "Thumping" is possibly the most accurate word to describe the music of the Onward New Orleans Band from Tyneside, led by 19-year-old trumpeter Colin "Kid" Dawson. This was authentic white imitation New Orleans jazz complete with banjo, wood blocks and all. Also a clarinetist (Nick Paul) with an attractive Creole-type liquidness. No doubt, though, the band's star is the frail-looking but powerfully blowing leader, "Kid" Dawson's bravura style recalls Henry "Red" Allen and he leads his band with incisive attack. He is not afraid to take chances either. Unfortunately, like so many British trumpeters, he indulges his singing on an innocent public.

The biggest band of the evening was the 17-piece swing-jazz outfit appearing under the Fed Heath banner and directed by trombonist Don Lusher. Though not now a regular unit, when the musicians (almost all ex-Heath personnel) crashed through the opening chords of the renowned signature tune "Listen to my music," followed immediately by an explosive launch into "Opus One," it was impossible not to feel a chill tingle, and not of nostalgia either. As usual, the band played with immaculate musicianship and precision with inevitably the trombones smooth as silk as the pianist's. There were small group jazz features for, among others, Tommie Whittle and Kenny Baker, top-four vocalists from the glamorous Lita Roza (especially telling in trio work-outs), comedy spots from Duncan Campbell and Jack Parrell whose lethargic drumming, alas, was the only serious blemish. In an evening which seemed to have been a particularly successful one for British musicians, pianists and saxo-

phonists abounded. Among the latter, no question that Bobby Wellins, with his highly personal style of phrasing and approach to his instrument, was the most stimulating. An introspective player, he seems more effective in ballads, though in up-tempo tunes there is no hesitance, every note is placed deliberately and judiciously.

Kathy Stobart's style is more extrovert and approachable. Her lengthy spot took the form of a lecture in which she set out to explain the "mystery" of jazz in simple terms, using her rhythmic action to illustrate points. There was plenty of playing, though, and in features such as her warm version of "Emily," she showed why she is in the forefront of Britain's many talented tenor-saxists.

Inevitably a jazz festival must have some American guests. This year's best known, trombonist Al Grey and tenor-saxist Jimmy Forrest, had two sets, in the first backed, unusually, by an all-strings trio of Martin Taylor, Ike Isaacs (guitars) and Peter Ind (bass). But it was in the second setting, supported by the other American guests, the Oliver Jackson trio, that the atmosphere became charged.

Grey is a witty, flamboyant and fast trombonist, yet a master of the subtle use of the rubber plunger mute. Forrest, a less flashy personality, is a passionate bluesy saxist who instils special feeling into his work. Linked with the trio of drummers Jackson, the five clicked immediately.

No wonder! This rhythm section is of a calibre Europe rarely produces. Jackson is an impeccable master of time whose value is more than that of a mere timekeeper. He generates, spurs and inspires but is never, never obtrusive. Leonard Gaskin on bass makes sure the pulse is secure and contributes enormously. Both are known in Britain, but pianist Cliff Small is relatively obscure. Like his two associates, he is a former Earl Hines sideman and this influence showed, even to the extent of imitating the Hines device of a long-held right-hand tremolo. But his own style owes little to any era or person and was ear-opening for its eclecticism. His "Lubia Blues" was as genuinely moving as anything heard all evening and later, around midnight, he still a noisy Jeffery Hall with a commanding unaccompanied version of "You're gonna hear from me."

Appropriately it was with the Jackson trio, plus sitters-in Kathy Stobart and Digby Fairweather, that the feast ended early Saturday morning with a festive-once special of two bassists, Gaskin and Peter Ind, humorously swapping four-bar phrases in a goodnight blues.

London Galleries

The artist's lot by WILLIAM PACKER

Artists, too, have a living to earn, which common, unremarkable obligation sometimes bears down upon them with uncommon weight. For in this country it is the sad truth that all but a handful even of our most gifted artists cannot live by their art alone. Works of art do not just happen, and to the true artist the work is paramount; yet what can he do? He must indeed compromise to keep himself, even at the risk of the Revenue acting upon Joseph Heller's wicked logic to class his work as his hobby.

The issue turns on the question of Time, which somehow must be bought for the paintings, or whatever, to be made. The economics are daunting, and the painter might easily find that painting itself is a luxury he can barely afford. To live by the work must be sold, and yet price it realistically and it will be thought expensive, price it too low and what with the tax to be paid, and the dealer's commission (usually 40 per cent, sometimes much more) and the artist is left with a pittance for the work of months, even years.

The State agencies can only nibble at the problem, though they have become the major general patrons: for no Tate or Arts Council can, nor should take everything any artist produces, or subsidise him alone with regular bursaries. But, from the artist's end of the telescope, keeping the collection topped up looks all very well, but the money from a single important sale will only last so long. The independent patron is his only hope, but he is a rare beast indeed, and one that it would seem to be our active policy to discourage. The artist is the real victim.

A few brave souls do make the attempt to break free of the time-consuming and debilitating duties of teaching, the most usual and congenial play, or labouring, only to find that the conspiracy pursues them and time is as short as ever. So it is that the lucky sculptor, for example, finds that to live by his sculpture he must become the prisoner of whatever commissions he can drum up, and the drumming alone can be a difficult and lengthy business; and the painter is all too likely to be pressed into the print-making industry. Bull for them, you might say; but again the time and effort is deployed aside from the artist's major pre-occupations, no matter how well the jobs are done, nor how satisfying they might be to themselves.

Most serious of all is that the natural pace of the artist's development slows down alarmingly; for such opportunities involve long and expensive processes, and much tedious technical execution besides. At the end of it all, either the commission dries up, or the patron or publisher will want to cap a success with more of the same. Two excellent current exhibitions point this frustrating



Flowers from Madeira, an etching by Norman Stevens

and wasteful dilemma. Norman Stevens is one of the best painters of his generation (which includes Hockney and Hoyland, Kitaj and Riley), and yet he remains comparatively unknown outside the Art World. Even within it he is misunderstood, his earlier painting forgotten, or at best misread through his association with David Hockney, and now he is known more as an etcher than as a painter. His show at the Redfern (until March 26) includes his entire output in some ten years as a print-maker, his main activity since he withdrew from teaching in the early seventies, a good number of recent drawings, and six new paintings, three of which are substantial works. It is his first major exhibition in London in those ten years, a period in which he can have made barely two dozen paintings—a show at the Arncliffe in Bristol in 1977 included most of the remainder.

The work itself is as intriguing and beautiful as ever, all of it etching and painting alike, excellent technically, and serving his peculiar and highly-charged personal vision. There is nothing superficially dramatic or spectacular in the imagery, quite the reverse in fact. It stands quietly in the centre of the English romantic landscape tradition, an intelligent and imaginative restatement of a familiar world of gardens and hedgerows, lanes and monuments; and it is no surprise that recently he illustrated a volume of Hardy's poetry (a number of these small works are in the show).

The work springs directly from Stevens' experience of particular places or things, the reference a drawing or perhaps

a photograph; but such is only the starting point, for the image is entirely reworked, reinvented, the experience transformed into one that depends entirely on the painting and the sensations it generates. His real subject is the sensation of place, and hangs upon his almost palpable sensitivity to space, to the physical interval between and beyond the things he describes. And by the alchemical agency of paint, and the illusion the painter commands, we too may move into that space imaginatively. The eye moves constantly from the fact to the thought, and back again, from the surface, which Stevens handles with such subtlety, to the image.

The three large paintings are remarkable, each of them almost feverish intensity of feeling. Museum Piece, the painting of a large pot alone on its tiled floor, is outstanding, the form modelled with assurance and restraint, the space itself, the deep shadowy space around the corner especially, a marvel of delicate and mysterious suggestion. The two large new etchings are also remarkable, technical tours de forces.

Norman Ackroyd is another painter-etcher of that same generation, but the choices he has made are different. He has continued to teach, and rather than engage with publishers and craftsmen-printers he has kept all his etching under his own hand, printing his own editions, which is a daunting undertaking. The particular nature of his work, with its delicate atmosphere demanding so subtle a wiping of the plates, leaves him no real choice. But the result is that his painting is squeezed out, and what little is done is

hardly ever shown. What I have seen of it tells me this is a great pity.

But Ackroyd's commitment to etching has always been wholehearted. He too is a manifest romantic and his subject, the landscape, particularly the wilder countryside in its stormier aspect, seen through the veils of mist and rain, and the approach of night. His work has grown less self-conscious, less arty, than it once was, quite as skilful but less clever and more direct. The best works are very beautiful indeed. His agents, Anderson O'Day, are showing a small but excellent selection from his work of the 1970s, which can be viewed by appointment at 5, St. Quintin Avenue, London, W10, until March 19.

1980 Jefferson
Lecture in London

Barbara Tuchman, the Pulitzer Prize-winning American author, has been named as the 1980 Jefferson Lecturer.

Mrs. Tuchman will deliver the 1980 Jefferson Lecture "One Self-Approving Hour" before an invited audience at Guildhall, London, on Wednesday, April 30. The lecture is traditionally delivered in different American cities. This will be the first time the US has been given outside the US.

The Jefferson Lecture was established in 1973 by the National Council for the Humanities to recognise prominent scholars and other citizens whose work and intellectual achievements have practical applications in today's society. The award carries an honorarium of \$10,000.

Elizabeth Hall

David Ward

by PAUL DRIVER

For David Ward, Mozart's piano music is a singular obsession. "Of all the composers," he writes, "I find Mozart to be the one who satisfies completely." And so he has devoted his considerable energies almost entirely to the performance and recording of the solo works. Presumably he will eventually broaden his scope to include the piano concertos, which is where, enabled by the harmonic possibilities of an orchestra with its sustaining instruments, Mozart's piano style acquired true richness and depth. And yet, more than most players, Ward is capable of demonstrating subtleties of thought and texture (the latter facilitated by his use of Bösendorfer instruments whose sumptuous sound and consummate evenness of tone he makes unquestionably apt for Mozart's music) one had missed in a corpus of works that may often have seemed disappointingly sparse.

That is not really to balk at the handful of mature sonatas that do scale heights, just to wish for more of them. However Ward's playing, as if in a deliberate exercise of reclamation, did not on Sunday afternoon favour the two (middle) sonatas he had chosen so much as—in sensitivity, insight and indeed accuracy—it shed light on three of the smaller works (early ones).

The four selections from the nine-year-old composer's *London Notebook* (written at Chelsea in 1764) had been invested with virtuoso precision and interpretative intelligence to such an extent that the modest pieces seemed to grow in stature before our ears—the third in particular (an andante in E flat made from broad paragraphs of magical repeated notes) reaching well beyond sparkling charm to profundity. It was a risk that succeeded; the music might easily have been crushed. The *Turkish Variations* on "La belle Francoise," K.353 were given a dry and literal reading; but this was perfectly appropriate.

Appropos the Rondo in A minor K.311, David Ward's programme note cited Mozart's unbearably poignant plea written in a younger brother's album (in English) around the time of composition: "Don't never forget, your true and faithful friend" (a pathos not lost upon Brigid Brophy). His performance of the sad, serene, patient little masterpiece was again dry and cool, immensely polished; again it served the work's expressive aim, this time by infallibly clinching the quality of tragic reserve.

But in the sonatas in D (K.311) and C (K.309) Ward fell short of an exceptional level of playing. The vigorous range of contrasts in the outer movements of K.311 certainly eluded him, though his Andante was a delight (and in its focusing of subtler harmonic inflections another vindication of the Bösendorfer). The slow movement was the most fortunate too in K.309 (intended by Mozart to be a portrait of the young girl pupil who inspired the sonata).

Variations per Violoncello solo is Sylvano Bussotti's clasp; a pleasant enough vehicle for fantasy when Miss Uitti performs it—sexy games by candlelight are followed by a few bowed melismas, and plenty of sighs and groans—but as music, or indeed theatre, it is sheer twaddle. Miss Uitti finished the programme with *oaxano*, a new piece of her own which bore an uncomfortable resemblance to that very same genre. For nearly half an hour, she visited one by one the collos on the stage, plucking, stroking, rubbing them by hand, sometimes bowing them with two bows at once—pure gimmick this of the smallest musical interest—and drawing from them a number of other, less succinct catalogues of harmonic effects than Sciarino's. Not even dim purple lights, and the undeniable force of Miss Uitti's own physical presence, could distract from the basic, fundamental paucity of musical gesture and thought.

It was brave of MusICA on Sunday to dedicate the whole of one of the programmes of their current series to the avant-garde solo cello; and sensitive of Miss Uitti to make her evening relatively short. *Duc Staudt* by the Italian composer Salvatore Sciarrino (b. 1947) was a great deal more accomplished than any I heard in La Rochelle in 1977, where the work had its premiere as a test-piece for the cello competition that year—though Miss Uitti has discovered a particularly excruciating sonority to be got

of musical gesture and thought.

Festival Hall

Perlman and Canino

by DAVID MURRAY

The violinist Itzhak Perlman appeared on Sunday with Bruno Canino, better known as one half of the Ballista-Canino piano duo, renowned as exponent of new music. Perlman and Canino made an interesting team too, but chiefly for the discrepancies of style and approach between them, for all their careful sympathy. In the event, the jolly Kreisler grab-bag that concluded the recital—Perlman revelling in honest virtuosity, Canino accompanying with self-effacing neatness—carried the greatest conviction.

Their Mozart and Ravel in the first half had sounded much edgier. Not that Perlman ever sounds edgy; his attack was strong and calmly assured as

always. But even in the introduction to Mozart's B-flat Sonata K.454, he and Canino construed the turn in the first tune quite differently, and they never assumed the collective musical authority to make the performance more than merely respectful. (Mozart composed the Sonata for himself and a lady virtuoso, and it proposes boldly communicative playing.) Canino's contribution remained brittle and small-scale.

The partnership sounded more unequal still in Ravel's Sonata, where Canino—often barely audible—crushed the semi-quavers in the first subject consistently and unstylishly, and Perlman played them as written. In the "Blues" an attractive attempt to make

Ravel's jazz-borrowings explicit was compromised by a hopelessly unstable tempo; the perpetuum mobile finale, one of Ravel's rare failures was lent no factitious excitement.

The playing took fire occasionally in Beethoven's C minor Sonata, op. 30, no. 2. Canino allowed himself to venture into the foreground more often, to helpful effect, though his nervy rushes (there is much brilliant piano-writing) had a character quite distinct from Perlman's resilient spring. There were interesting details in the Adagio, but no cantabile flow. Altogether, the partnership had the air of a chance meeting—very polite, very cautious, palpably constrained.

Architecture

Arts and Crafts houses

by COLIN AMERY

It was Ruskin who thought that the ideal for a house was, "a cottage all of our own with its little garden, its healthy air, its clean kitchen, parlour and bedrooms." His words have somehow become the English ideal home and this had a lot to do with the work of architects who practised in England around the turn of the century. Architects like Voysey, Baillie Scott, Mackintosh and Lutyens are all well known, but there were many others who were almost as influential. Two of them, Raymond Unwin and Barry Parker, are currently the subjects of a first class exhibition at the Architectural Association, 24-26 Bedford Square, London, WC1 until March 22.

Unwin was born in 1863 and Parker in 1867 and as partners and brothers-in-law they formed a formidable team anxious to promote the ideals of the Garden City and improved housing for the working classes. They were both Fabians and active Christian socialists; they

both wore homespun Isle of Man tweeds, and they were both vegetarians. Because of their moral principles, the two designers were particularly concerned with the small house, and it is this that predominates in this exhibition, covering the period 1896-1914.

The drawings show in their own cosy style all the essentials for a cottage life lived with common sense. Parker and Unwin's planning of Letchworth and later of Hampstead Garden Suburb sprang from their knowledge of houses and how people wanted to live. Living rooms with log fires, abundant and there is always a garden, and usually a covered yard for the practice of crafts. The Architectural Association has reconstructed an example of a Parker and Unwin league complete with hand beaten copper fittings and stained glass windows. Sitting in it immediately conveys the sense of the period and the values of order and comfort that were generally

appreciated.

This exhibition is a clear demonstration of the simple arts and crafts life. It shows an inspiring level of idealism that created the Garden Cities and built the perfect small house of the early years of this century. The world of whitewashed brick, plank doors with blacksmith made latches, bare timber floors, spindly high backed chairs, no carpets and a sense in every house of clearly lit space is evocatively conveyed. It seems worlds away from the council estate ghetto and the tyranny of mass housing and system building, and yet the ideals of Parker and Unwin were responsible for the creation of organised town planning.

The high level of care and concern shown in every aspect of the drawings in this exhibition (and spelt out in the excellent catalogue) forces any visitor to ask the question, what went wrong?

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March, 1980

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Tuesday March 11 1980

EMS back on the agenda

FOR A number of good reasons, the question of active British membership of the European Monetary System is emerging again as a real policy issue. Ministers have for some time been seeking some positive move which Britain could make to help the development of the EEC, to help take away the sour taste left by quarrels over the Budget, over lamb and fish and oil prices. Lord Carrington has already made some welcome moves towards a more European approach to foreign policy, but economically Britain is still behaving more like a misfit than a member.

Smooth

Secondly, the EMS itself has worked more smoothly in its first year than many observers, including ourselves, would have dared to hope. This is not an unmitigated benefit: convergence, which has helped to impose realistic disciplines on some member states, such as the Irish Republic, has also brought the danger of higher inflation in Germany—a risk which the Federal authorities knowingly incurred for the sake of stability between trading partners. On balance, though, it seems clear that so far, at any rate, the pressure of stable trading environment has been a benefit well worth buying at the price.

This is certainly the argument which would most strongly appeal to British industry. In addition to the ferocious squeeze implied by the 11 per cent appreciation of the currency over the past year, traders are hampered by huge uncertainties about the future level of the currency. It is hard to strike a price in such conditions.

When the needs of industry and of foreign policy point in the same direction, the case may appear unanswerable; but a decision to join would pose some difficult questions, both internationally and domestically. The decision is taken, and not patched up afterwards. They involve our whole strategy for turning the North Sea into a national benefit, and for controlling inflation.

As we have argued at length recently, it is essential for our long-term welfare, and indeed for our short-term competitiveness, that a good proportion of the North Sea revenues which will shortly accrue to the Government should be used for investment rather than consumption. This means a very

large cut in Government borrowing; indeed, one distinguished merchant bank has argued a strong case for the total elimination of State borrowing, thus releasing the whole flow of savings for the private sector.

In the long run, this is the only way to ensure that North Sea income is used to build up our capital assets, so that it will produce income for the nation long after the oil itself is exhausted. In the short run, however, it is likely to be seen by our trading partners as a device for running what they may regard as an un-neighbourly current account surplus. Unless there is mutual understanding on this fundamental point, we might find our membership of a closer economic grouping pushing us towards a spendthrift use of a vital once-for-all windfall. In fact our strategic needs, properly understood, match those of the whole Community; the counterpart of a current account surplus would be an outward flow of investment capital, which would assist growth in the whole Community; but this case may need much patient explanation before it wins general acceptance.

Secondly, as Ministers are already aware, membership of the EMS would mean a radical change in existing monetary policy. Monetarists are deeply suspicious of the obligation to intervene within the EMS, and the consequent weakening of monetary control. This simply reflects the fact that the EMS goes some way to create a European rather than a national monetary system, and within a unified flow of investment capital, there can be no separate regional money targets, any more than the Government tries to measure the growth of M3 in Yorkshire.

Problems

Finally, there would be some difficult technical questions to face. It would be idle to pre-judge these questions on the basis of the Government's proposals for changes in monetary control. It is enough to say that our present methods, with their strong emphasis on long-term funding, could cause grave problems within the EMS, by distorting the large capital flows which must result from persistent OPEC surpluses. Such questions will have to be explored at length with our partners if any docking manoeuvre is to go smoothly.

Carter's wheat embargo backfires

BY JOHN EDWARDS, Commodities Editor

THE THREAT of cutting grain supplies has often been viewed as the ultimate economic weapon the U.S. has against its opponents. The U.S. is, after all, by far the world's biggest supplier of grain—the staple food required in increasing quantities as living standards rise. But it is now looking likely that the premature use of the "food weapon" by the U.S. against the Soviet Union is going to backfire badly.

A crucial factor, which the Americans can hardly have foreseen when the embargo on grain sales was announced in January, in response to the invasion of Afghanistan, was that very favourable weather would come to the aid of the Russians greatly improving their own harvest prospects.

At the same time the U.S. is finding it much more difficult than expected to drum up support for the embargo from among its grain exporting allies. In addition the cost and the longer-term repercussions of disrupting the world grain trade in such a dramatic fashion, is only now being fully appreciated. It seems the main sufferers in the long run could be the American Government and the U.S. taxpayer, not the Russians.

One major weakness of the embargo is that the U.S. appears uncertain about what it wants to achieve, apart from protesting against the Russian invasion of Afghanistan.

Obligations pledge

It was made clear from the start that President Carter was not seeking to starve the Soviet Union into submission. When announcing a drastic cutback of grain sales to the Soviet Union, the President emphasised that the U.S. would meet its obligations under a five-year pact negotiated with Moscow in 1975. Under this deal, which still has a year to run, the U.S. agreed to supply a maximum of 8m tonnes of grain to Russia each year, and the Soviet Union contracted to buying a minimum of 6m tonnes.

In fact the refusal of U.S. dockers to load ships carrying grain to Russia has held up some 3m tonnes of the 8m yet to be delivered, but the Carter Administration has made every effort to ensure they are finally shipped.

Under the grain pact between the two countries, the Soviet Union has to ask permission from Washington if it wants to buy more than 8m tonnes, and the Russians had a disastrous crop of 179m tonnes compared with a record harvest

of 231m tonnes in 1978 and a target of 228m tonnes. This large shortfall of over 30m tonnes to be imported if Russia stuck to its plan for expanding livestock herds. In contrast with the rest of the world the U.S. had record grain crops last year and as a result held the bulk of the surplus available. So it agreed to allow the Russians to buy an additional 17m tonnes, making a possible total of 25m tonnes. If the Russians took the full amount, it is this extra 17m tonnes that President Carter banned from being sold even though contracts for around 14m tonnes and possibly more had already been concluded.

It was calculated that this cut would cause the Soviet Union serious harm given the shortfall of domestic supplies. The main impact will be on Soviet livestock production, which has been expanding rapidly in recent years to meet the growing demand for meat and dairy products. Since the U.S. holds most of the world's traded grain supplies, particularly feedgrains, the shortage of feed could force the Russians to reduce livestock herds. This would bring a short-term increase in Russian meat supplies, but the weather in the Soviet Union has been unusually favourable for winter crops. Not only does this improve the likelihood of a much better harvest in the summer but it also allows cattle to be turned out onto pasture much earlier than last year.

This unexpected help, and the stretching of rations to allow animals to survive even if they do not fatten as quickly, will certainly help the Soviet Union to survive the most testing period, between April-June, before the new harvest comes in, so will stocks carried over from the record crop in 1978, although the Russians have notoriously bad storage facilities.

However the need for extra imports to make up for the U.S. cutback of up to 17m tonnes is of prime importance. Cynics in the trade claim there are no political barriers to world grain dealings. They believe supplies are always obtainable if the buyer is prepared to pay enough. There are constant rumours of grain ships bound for one destination being suddenly switched elsewhere, and of transshipments—often through European ports—where grain changes hands many times before reaching an unidentified final buyer.

of their gold and of oil means that they can afford to pay and offer a potentially good outlet for the future bearing in mind that they will intensify efforts to avoid buying from the U.S. in the years ahead.

Nevertheless for the moment, the success of the U.S. embargo depends to a large extent on whether alternative grain suppliers can be persuaded to co-operate. The U.S. is finding out that the support of its political allies does not count for too much when money and trade is involved. The best it has been able to achieve is a vague promise from other exporters not to take advantage of the situation.

Already its two staunchest initial supporters for the embargo—Australia and Canada—are showing signs of having second thoughts. Canada only this week announced a 2m tonnes sale to the Soviet Union. It claimed this was just a continuation of normal trade with Russia and was not taking

advantage of the U.S. withdrawal as a supplier. But it was a new deal negotiated at the expiration of a longer term agreement. (Australia too has warned that it may have to reconsider its position at the start of the next season in order to ensure that its grain exports are maintained.)

As usual the EEC position is clouded with confusion. Although the Commission has reasoned grain export areas in order to make sure the Soviet Union does not receive heavily subsidised sales, it is freely admitted that shipments to eastern European satellite countries could well "leak" into Russia or at least reduce the amount the Russians normally

buy. The rising price advantage of the U.S. with a new deal negotiated at the expiration of a longer term agreement. (Australia too has warned that it may have to reconsider its position at the start of the next season in order to ensure that its grain exports are maintained.)

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WORLD GRAIN SUPPLY AND DEMAND

(estimates for 1979/80 before U.S. embargo)

WHEAT (million tons of wheat equivalent)		FEED GRAINS (million tonnes)	
World Total Trade	76.0	World Total Trade	101.0
EXPORTS		EXPORTS	
US	35.5	US	71.2
Canada	14.0	Argentina	9.4
European Community	7.5	Western Europe	5.6
Australia	11.5	Canada	4.3
Argentina	3.5	South Africa	2.1
USSR	0.5	Australia	3.5
Others	3.5	Thailand	2.3
		Others	1.4
IMPORTS		IMPORTS	
Far East	24.0	Western Europe	24.9
Africa	12.9	Japan	18.3
South America	7.0	Eastern Europe	18.4
Western Europe	7.5	USSR	21.0
Middle East	7.0	China	2.3
USSR	9.0	Others	23.9
Eastern Europe	5.0		
Others	3.6		

Source: Imports—International Wheat Council; Exports—U.S. Department of Agriculture

Reliability factor

A dangerous precedent has been set. At one time breaking sales commitments was mainly confined to politically unstable "banana" republics. Now it has been done by the richest, and most powerful, country in the world. This has raised doubts among potential buyers about the U.S. as a reliable supplier. It is one thing to cut soyabean exports, as happened in 1973, because of a poor crop, but quite another to cite a political motive, whatever it might be.

World trade in commodities is very dependent on the sanctity of contracts being honoured. Otherwise it falls apart. Any country will think twice of relying on U.S. supplies, whatever inducements may be offered. It could well mean the deathknell of the previous U.S. policy of building up farm exports as a means of achieving a form of dependence—a policy that appeared to be working well with Russia.

In domestic political terms the embargo appears to have worked in President Carter's favour. U.S. farmers, despite their doubts, have so far shown that patriotism comes first by backing the President at the lowa primary election. The American public too has supported his hard line. But memories are short. There is no doubt that the U.S. will remain the world's biggest exporter of grain, since it has the climate and production efficiency. But there must be some concern that the "wheat philosophy" will be effectively killed if the result of the embargo appears to be that President Carter has sacrificed U.S. dominance in world grain markets for political reasons.

Devolution on trial in Spain

SPAIN'S steady reintegration into the club of Western democratic nations has so far proceeded remarkably smoothly. Much credit must go to the Prime Minister, who has steered the country through a shoal of explosive problems, any one of which could have upset the move to restore Parliamentary democracy and return the country to the European fold. As each problem is tackled, the resilience of the country's democratic structures is strengthened. Spain is now well on the way to membership of the EEC, and possibly also of NATO.

Intractable

Recently, however, Senor Suarez's approach to one of the most intractable of these problems—regionalism—has begun to come unstuck. It is not a problem that can be solved overnight. Passions are strong both among the nationalists, who want to see the greatest possible independence for their regions, and among those (most notably on the Right and in the Army) who want to keep Spain centralised and united. Less than 50 years ago, such tensions fuelled the drift into civil war. In the past few months they have grown into the greatest single challenge facing Senor Suarez's Government.

Senor Suarez's initial idea was to try to defuse the strongest nationalist aspirations in the Basque country and Catalonia, by offering all of Spain's regions a similar degree of autonomy. The goal was a devolved, quasi-federal system united under the national Government, and the Monarchy, in Madrid. In trying to implement the policy, however, the Centre-right Suarez Government has probably succeeded in feeding the fires not only of regionalism, but also of the Left. This week's elections for the first Basque Parliament since the Civil War have been a massive rebuff for the Government. The principal victor has been the Basque Nationalist Party, which, though less radical than some of the groupings to its left, will now be in a powerful position to put pressure on Madrid for greater devolution of powers to the Basque country. The granting

of a form of autonomy to the region has shown no sign of defusing Basque nationalist sentiment.

In Andalusia, the Government has just narrowly won its way in a referendum that will have the effect of postponing, and diluting the devolution of power. But it has only done so at the expense of antagonising virtually every other political party, and providing fertile ground for the further growth of Andalusian separatism. Next week, in Catalonia, the Left is hopeful of an electoral success that would allow it to demonstrate that a coalition including Communists can effectively run one of the country's most important regions.

The problem is that the Government has only recently come to recognise the full implications of its devolution policy. It is now trying to perform a rather clumsy U-turn. Powers to be devolved to the Basques do not look nearly as important as they once did, and, in Andalusia, the Government has given the impression that any degree of autonomy finally agreed will be of second class status. The Basques see this, in turn, as diluting the Government's whole approach to the regions.

Armed forces

Senor Suarez wants to avert the danger of the emergence of powerful left-wing or "nationalist" regional Governments in the country's most important provinces. That would not only undermine the authority of his own Government, but could also cause powerful undercurrents in the armed forces, to whom the unity of Spain is a matter of central importance. By relapsing, however, into a policy of piecemeal regionalisation, dictated by short-term political considerations, he is in danger of falling between two stools.

Other European countries, have regional problems. They know that finding the right answer is not easy. There has been some hope that Spain would help to show the way. It looks, however, as if Senor Suarez will have to rethink his regional strategy if he is going to keep his country on the course he has set it.

MEN AND MATTERS

Chasing shadows in dockland

WITH THE ARE falling all over Quagland, I would have thought there was no shortage of experienced heads ready to pop on to the shoulders of the new quasi-autonomous bodies being set up to revivify the docklands of London and Liverpool. But the Department of the Environment, charged with filling the vacancies, appears to be by-passing the old-boy circuit and has this week launched an intensive national advertising campaign.

It wants two chief executives—paragons would be a better word—for its Docklands Urban Development Corporation projects on the Rivers Thames and Mersey. "They will be fair old gems," quips my informant, "well-versed in top-level administration, promotion, local and national politics and high finance." They must also be prepared to spend the first months as "shadows" because their posts will not take on substance until the Local Government Bill under which the Corporation is established becomes law, probably in the summer.

They will, however, be paid salaries of substance and the man who takes charge of the 5,500 acres in London (and, incidentally, the hostile local authorities of the area) will be paid something like £25,000. Acre for acre, the man in charge of Mersey's 1,000 acres will be better off with around £20,000 a year.

Ideally, I am told, the appointees will have all the attributes of a chief executive from a new town or some local authority; he will also possess the skills of a top-rank accountant, property manager, merchant banker, pension fund and unit trust manager.

If and when these supermen are taken on, the Corporation chairmen who have the last word on the appointments, Nigel Brookes of Trafalgar House and Leslie Young of Bibby, will have an early opportunity to see over the past couple of years, and one or two have agreed to



"Confounded child chaps—now he won't come down until he gets a rise."

choice. While the Government is prepared to prime the pumps with £100 million for salaries and establishment costs, the first task for the new men will be to set off for the City and Whitehall to round up the vast borrowings and grants they will need to get their ambitious production on the road.

Coach party

It is admittedly a small step, but at least it is in the right direction—today sees a third coachload of unemployed engineering workers from the north making their way to unfilled jobs down south.

Organised and financed by the Manpower Services Commission, the two trips of last year had a reasonable success. 48 workers who came down from South Shields, 29 took jobs in Kings Lynn, and another dozen made their way to the Fens under their own steam, and also found jobs. A sortie from Kilmarlock to Medway had a more limited success.

"The big stumbling block to doing this on a larger scale is housing," says an MSC spokesman. "But we have been having talks with local authorities over the past couple of years, and one or two have agreed to

put housing aside for incoming workers."

Inevitably, most local councils are not in a position to be over-generous to anyone, least of all newcomers to the area.

Today's trip is of 90 maintenance fitters from Merseyside to Berkshire, where skilled job vacancies have remained unfilled for months. Some Defence Ministry and development corporation housing is available, but as the MSC admits, private housing in the Thames Valley is a good 50 per cent more expensive than in the North. "In Reading there is nothing under £17,000, and anything at £18,000 would be fairly modest."

Such simple arithmetic stands between many of Britain's 110,000 skilled but jobless engineers and vacancies estimated to number—nationally—between 150,000 and 200,000.

All at sea

Admiral Griffin, chairman of British shipbuilders, remained cool and silent on the bridge at his London headquarters yesterday while down in the lobby Christopher Bailey, chairman of Bristol Channel Ship Repairs seethed with rage. "I will sit here all afternoon, all night and all tomorrow if necessary until I see him," he blazed down my telephone. Accusing the Admiral of lack of manners, courage and "commercial nous," the frustrated Bailey, popularly dubbed "Blackbeard," thus announced to me his intention to stage a "sit in."

He explained how he had flown in from the U.S. and called up his crew from Cardiff with the aim of putting to Griffin his plans for buying Falmouth Docks, a deal which has been in the air for some months. He was met at the door however, with a message that the Admiral would not see him, and presented with a copy of a telex sent to his company at 1 pm yesterday.

The main reason for cancellation of the 4 pm appointment, ES said, was that Bailey had

not supplied the Admiral with an outline of his offer as requested. He remembered the request clearly from a telephone chat. "The Admiral said it would be helpful if I could give him the gist so that he could 'crank it along a bit'—I remember the expression clearly—but I did not say I would."

The message also pointed out that Falmouth was not on the market, but that served only to heighten the frustrated bidder's ire. "If that is the case, why the hell didn't he tell me when I set the meeting up in February," he stormed.

One-hander

I see that Professor Patrick Minford is succeeding his old chum from the short-list of would-be chief economic advisers to the Treasury, Professor Terry Burns—who got the job—as economic consultant to stockbrokers Laurie Milbank.

Minford made his debut at a Laurie Milbank-organised seminar on the gilt-edged market yesterday. He reaffirmed his allegiance to the monetarist creed, in particular about the need to slash the PSBR. "His views came in for some criticism," conceded John Wilmore of Laurie Milbank.

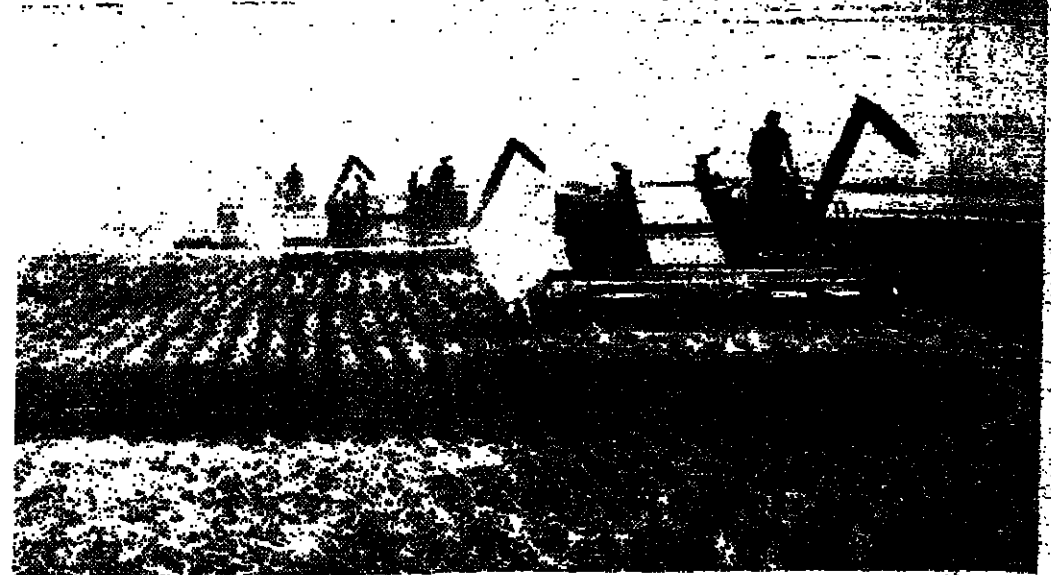
Minford is jokingly described by those who disagree with him as a man who makes Milton Friedman sound like a Keynesian. But it would probably be fairer to recall the request of J. F. Kennedy for "a one-handed economist—one who doesn't keep saying 'on the one hand, on the other hand'." Minford would have fitted the specification very well.

Good intentions

Customer to stallholder in Lambeth: "These socks are marked 'shrink-resistant.' What exactly does that mean?"

Stallholder: "Well, love, it means they do shrink, but they don't really want to."

Observer



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FINANCIAL TIMES

Eurobond Quotations and Yields

AIBD

THE ASSOCIATION OF INTERNATIONAL BOND DEALERS

At 24th FEBRUARY 1980

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues. These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled from quotations obtained from market-makers on the last working day of each month. There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers scattered across the world's major financial centres. Membership of the AIBD (which was established in 1969) comprises over 350 institutions from about 30 countries.

Eurobonds in February

BY PETER MONTAGNON

THE GLOOM and despondency expressed by dealers in the Eurobond market at the end of January turned out to be more than justified as February wore on.

With the U.S. discount rate raised to a record 13 per cent and Federal Funds climbing 1½ points to 14½ per cent over the month, the dollar sector witnessed one of its worst shake-outs in memory.

The movement of interest

rates was, of course, only a reflection of the worsening outlook for inflation in the U.S. Consumer prices rose 1.4 per cent in January bringing the year-on-year gain to 13.9 per cent.

Indications from the wholesale front—where prices moved up 1.6 per cent in January—were that worse was yet to come. This feeling was further heightened by a somewhat belated market realisation of the inflationary implications of

the Government's decision to increase defence spending.

At the same time, the domestic U.S. market was forced to digest an exceptionally large Treasury refunding operation involving \$7.25bn in notes and bonds. It balked, prices of domestic bonds plunged, and Eurobonds were dragged down with them.

The panic atmosphere was exacerbated by a speech from Dr. Henry Kaufman, partner of Salomon Brothers, who said

inflation had reached a pitch where the Government should declare a national emergency and put forward an economic package including controls on wages and prices as well as the dollar.

It was thus inevitable that dollar Eurobond yields should climb sharply during the month. The Quebec Hydro \$75m issue due 1989, for example, was quoted at 6½ at the month's end compared with 7½ a month earlier. Its yield rose from 12.89 per cent to 15.33 per cent.

Another longer dated issue to show sharp movement was the European Investment Bank's \$100m loan due in 1989. This shed 8½ points over the month to finish at 73½ for a yield increase of 1.7 points to 14.72.

On February 20 this issue shed 4½ points in a single day to close at its low for the month of 73. With prices as volatile as this it was natural that spreads should widen and the volume of business contract.

But the leading market makers resisted the idea that the market was crumbling. Good profits were there for dealers who were short and quick to take advantage of arbitrage possibilities, they said.

By the end of the month the

situation had calmed somewhat. Indeed, in the last week of February prices actually managed to recoup a very modest 1 point of the losses sustained earlier.

The market was drained of energy, however, and activity remained low with most business confined to swapping. Some bond houses were able to take advantage of yield disparities for their clients but virtually no new money was entering the market.

As February drew to a close it was equally clear that problems were emerging for the hard currency sectors of the market. In spite of one point increases in both the German and Swiss discount rates, interest rates on D-Marks and Swiss francs were still very substantially below those on dollars. This was attracting funds out of those currencies and into the U.S. with severe consequences for the capital markets.

Secondary market yields in both sectors thus increased markedly during the month. Those on D-Mark foreign bonds were up about 1.07 points to 8.55 per cent and those on Swiss francs about 0.64 points to 6.8 per cent.

The movement in prices, particularly towards the end of

the month, made it difficult to fix conditions for new issues. And in both sectors there were some last minute changes of terms or postponements.

At the end of February new issues in D-Marks were carrying coupons of 8½ per cent to yield between 8.75 and 8.79—the highest yields seen in the primary market for three years. This compares with coupons of between 8 and 8½ per cent a month earlier.

Meanwhile new issue activity showed signs of slowing down. The German Capital Markets sub-committee fixed a new issue calendar of DM 580m for March, the smallest amount in three months. In February it was DM 740m while in the four weeks to January 25 a record amount of DM 1.1bn of new issues were floated.

Volatility in the Swiss secondary market was by and large greater than even the German market during the closing days of the month. Yields actually declined somewhat during the first three weeks of the month but they rose steeply at the end with foreign bonds posting losses of some four points in the last week of February.

In these circumstances the coupons on two new Swiss 100m issues, for Norges Kommunalbank at 5½ and for Oester-

reichische Kontrollbank at 5½ respectively, had to be raised to 16 per cent to stay in line with the market. This coupon level compares to rates closer to 10½ per cent at the start of the month.

With the gyrations of interest rates upsetting the market for straight bonds there was some measure of stability in the dollar Floating Rate Note sector. Here prices held up fairly well, weakening by only ¼ point in the third week of February when the straight dollar Eurobond market was under greatest pressure.

In this sector interest was shown particularly in bonds for which new coupons were about to be fixed, but as rates became progressively higher prices tended to suffer immediately after the fixing. The last two coupons to be fixed in February, for the \$25m Bergen Bank issue due 1989 and the \$75m Standard Chartered issue due 1990, were at a record 17½ per cent.

Elsewhere another international bond denominated in special drawing rights was announced during February. It is a SDR 15m issue for Svenska Handelsbanken being arranged through Kuwait International Investment. This loan has a life of five years and yields 11 per cent.

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The table of quotations and yields gives the latest rates available on 29th February, 1980. This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete.

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Creditanstalt—Market Makers in Austrian Schilling Bonds and International Bonds of Austrian Issuers.

Selected Austrian Schilling Bonds*	Middle Market price (21.2.80)	Yield to average life	Current Yield	Redemption (MD: Mandatory Drawings by lot PF: Purchase Fund SF: Sinking Fund)	
Maturity up to 5 years					
8 1/2% Wien 1974/B/84	100,—	8.46	8.50	2. 7.75-84	MD
8 % Österreich 1974/B/82	103.50	8.32	7.73	1. 4.76-82 at 104.0 to 104.5	MD
8 1/2% Österreich 1975/S/83	101,—	8.42	8.42	5. 3.76-83 at 100.0 to 101.0	MD
8 1/2% Innsbruck 1974/B/82	100.50	8.41	8.46	19.11.75-82 at 100.5	MD
Maturity over 5 years					
8 1/2% Österreich 1976/S/86	102,—	8.54	8.33	20. 2.81-86 at 101.5 to 104.0	MD
8 % Österreich 1977/I/B/86	97.75	8.61	8.18	15. 9.82-86	MD
7 3/4% Österreich 1978/IV/C/86	96,—	8.56	8.07	1. 9.86	
8 % Arlberg Straßentunnel 1977/B/85	98.50	8.59	8.10	29. 7.80-85	MD
8 1/2% Energie 1975/I/B+S/85	102.50	8.55	8.29	29.10.79-85 at 103.5	MD
8 % Energie 1977/S/I/B/86	98,—	8.53	8.16	4.10.82-86	MD
8 1/2% Steyr-Daimler-Puch 1976/B/86	102.75	8.50	8.27	9. 3.81-86 at 103.0 to 104.0	MD
8 % VÖEST-Alpine 1977/B/86	97.75	8.59	8.18	15.11.82-86	MD
8 1/2% CA-BV 1975/I/B/85	101.75	8.25	8.35	11.11.76-85 at 101.0 to 101.5	MD
8 % OKB Export 1978/II/C/86	97.75	8.46	8.18	20. 6.86	
8 % Inter-Am. Development Bank 1976/86	97.90	8.61	8.17	17.12.81-86	MD

*Interest is payable without deduction for or on account of Austrian taxes.

Selected International Bonds of Austrian Issuers

US\$					
5 3/4% Alpine Montan 1965/85	92,—	7.56	6.25	15. 6.72-85	SF
6 5/8% Austrian Electricity 1966/86	98,—	7.29	6.76	1. 7.70-86	SF
6 3/4% Austrian Electricity 1967/82	98,—	8.08	6.89	1.10.71-82	SF
6 % Republic of Austria 1964/84	97.25	7.51	6.17	31. 1.71-84	SF
6 3/4% Republic of Austria 1967/82	97.25	9.33	6.94	15. 3.72-82	SF
8 3/4% Republic of Austria 1976/90	77.25	12.83	11.33	15. 8.78-90	SF
8 1/4% Tauernautobahn 1977/87	77.50	13.85	10.65	15. 3.83-87	SF
DM					
5 3/4% Österreich 1978/90	82.25	8.69	6.99	1.11.85-90	SF
6 3/4% VÖEST 1977/89	89.75	8.71	7.52	1. 6.84-89	SF
7 % Tauernkraftwerke 1968/83	99,—	7.73	7.07	1. 2.74-83	SF

For current prices and further information please contact:
For Austrian Schilling Bonds: Robert Jekl, Robert Wasinger (Telephone: 6622/1701, 1707, Telex: 74261-63)
For International Bonds: Walter Vogl (Telephone: 6622/2222, Telex: 136948)

Code for Reuters Monitor Securities Program: CA DA, CA DB



Creditanstalt

Creditanstalt-Bankverein, Schottengasse 6, A-1010 Vienna.

The growth of TDK's "earnings" trees.

Tape Materials
(Magnetic materials for recording)
Magnetite materials
Audio recording tapes including D, AD, and OD brand cassettes and open reel tapes.
Data recording cassettes
Adilyn materials
SA and SA-X brand audio cassettes
Super Avilyn video cassettes
Pure iron materials
MA and MA-R brand metal cassettes

Black Materials
(Magnetic materials)
Soft ferrite materials
Ceramic cores for consumer products
Magnetic applications including:
- Ferrite cores for electronic products including coils, transformers, power supplies, computers
- Hard ferrite materials
- Ferrite magnets, rubber magnets, plastic magnets
- Special magnetic materials
- Ferrite cores for electronic products
- Ferrite cores for electronic products
- Ferrite cores for electronic products
- Ferrite cores for electronic products

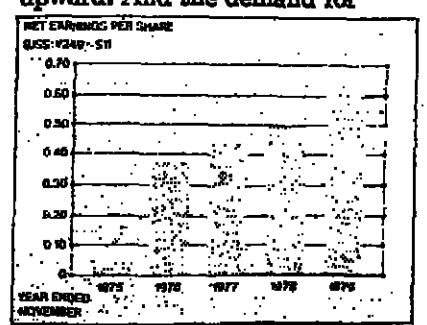
White Materials
(Ceramic materials)
Dielectric materials
Various types of ceramic capacitors
Semiconductor materials
PTC thermistors, semiconductor capacitors
Piezoelectric materials
Piezoelectric products including buzzers, sensors and ceramic filters
Electrical insulation materials
Alumina substrates
Heatproof materials
Resistors

By nurturing the development of our "black" ferrite- and "white" ceramic-related materials, and our magnetic recording tapes, we've grown into one of the world's largest producers of magnetic parts and materials.

1979 was our fourth consecutive year of record growth: Net sales grew 24.3% to US\$ 630 million; net earnings 26.6% to US\$ 63 million; and net earnings per share 26.6% to US\$.63.

This record of growth is the result of applying our proprietary electronic parts and materials to meet the demands of the marketplace. And that's why TDK is one

of the fastest growing companies in the fast-moving, technology-intensive electronics industry. 1979 saw the demand for our power supply, multilayer capacitor and piezoelectric products shoot upward. And the demand for



AVILYN, our innovative magnetic tape formulation, skyrocketed by responding to the need for longer VTR recording times.

If you'd like to find out more about our growth trees, and how we're planting for the future, please write for our 1979 annual report.


TDK manufactures ferrite cores, magnets, coil components, memory devices, ceramic components and magnetic recording tapes.

TDK
TDK ELECTRONICS CO., LTD.
1-1, Nishinokuchi 1-chome, Chiyoda-ku, Tokyo 105, Japan

[illegible]

This announcement appears as a matter of record only.

November 1979

 **COPEL**

**Companhia Paranaense de Energia Elétrica
(COPEL)**

US\$60,000,000
Term Loan Facility

Guaranteed by
The Federative Republic of Brazil

To finance part of the
COPEL Second Power Distribution Project

In association with
International Bank for Reconstruction and Development

Managed by
**The Nippon Credit Bank, Ltd.
The Tokai Bank, Limited**

Provided by
**The Fuji Bank, Limited
The Mitsui Bank, Limited
The Nippon Credit Bank, Ltd.
The Sumitomo Bank, Limited
The Tokai Bank, Limited**

Agent
The Nippon Credit Bank, Ltd.

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Advertisement

	Issue	Mid/Price	Current Yield	Life*	Yield to Maturity	Repayment Demand Drawing by lot at par sinking fund Purchase fund
6 1/2%	Light-Services 78/86 (G)	82.00	8.23	6.17	10.90	1.585
6 1/2%	Light-Services 78/86 (G)	98.00	8.95	7.77	10.08	16.18-200
6 1/2%	Lanza Int'l. 75/90 PP	99.00	8.33	0.21	13.05	due 15.80
6 1/2%	Luftnase Int'l. 75/98 PP	92.00	7.07	6.00	8.24	1.385
6 1/2%	Malaysia 72/84	92.00	7.78	6.17	10.90	1.585-640
6 1/2%	Maldives 78/86	87.75	7.41	5.50	9.44	1.385
6 1/2%	Melrose 75/84	99.50	9.30	2.36	9.48	1.281-840
6 1/2%	Malinos 76/82	99.00	8.33	1.87	8.62	1.78-830
6 1/2%	Manitoba 77/84	99.00	8.16	3.28	9.16	1.78-84
6 1/2%	Mont. 76/87	92.00	7.34	7.25	9.25	1.678-875
6 1/2%	Megal Fin. Comp. 78/90	90.00	7.81	9.84	9.46	2.182-295
6 1/2%	Megal Fin. Comp. 78/93	82.00	8.43	9.08	8.99	1.579-880
7 1/2%	M E P 73/88	99.00	7.13	5.52	1.575-880	
7 1/2%	M E P 73/88	10.00	6.93	2.30	6.82	2.173-845
7 1/2%	Mexico 73/88	90.25	8.02	7.85	9.04	1.179-885
7 1/2%	Mexico 76/82	99.00	9.09	2.53	9.46	1.683
7 1/2%	Mexico 76/83	99.00	9.09	2.53	9.46	1.684
7 1/2%	Mexico 77/84	92.25	8.31	4.25	8.74	1.485
7 1/2%	Mexico 78/85	86.75	6.52	5.06	9.38	1.784
6 1/2%	Mitsubishi 78/84	91.75	7.12	4.16	9.29	1.933
6 1/2%	Mitsubishi Petro 78/80	89.75	6.61	3.50	9.29	1.51
7 1/2%	Mitsui Torint 78/91 PP	97.50	7.55	1.54	9.51	15.31
8 1/2%	MDDO 76/83	100.00	9.00	1.69	9.51	1.892-830
8 1/2%	MDDO 59/89	93.75	7.50	4.11	7.81	1.933-820
8 1/2%	Montreal 72/92	95.75	7.09	4.97	9.32	1.933-820
8 1/2%	Montreal 73/93	89.75	7.61	13.25	8.16	1.674-385
8 1/2%	Montreal 73/93	90.00	8.67	9.32	8.51	1.775-885
8 1/2%	Montreal 78/86	65.75	7.39	6.59	15.76	1.78-875
7 1/2%	Montreal 77/87	80.00	7.65	4.57	8.15	1.1175-845
7 1/2%	Morts. Denmark 69/84 (G)	90.00	7.78	8.33	7.33	1.778-885
6 1/2%	Morts. Denmark 69/84 (G)	90.00	7.78	8.33	7.33	1.473-845
6 1/2%	Morts. Bk. Finl. 68/84 (G)	96.00	7.03	6.07	8.03	1.153-85
6 1/2%	Nafi, Mexico 77/84 PP (G)	97.50	8.97	3.75	10.07	1.982
6 1/2%	Nafi, Mexico 77/84 PP (G)	96.00	8.93	4.00	10.07	1.384
6 1/2%	Nafi, Mexico 77/84 PP (G)	96.00	8.93	4.00	10.01	1.384
6 1/2%	Nat. Bk. Hungary 75/81	98.50	8.28	9.57	9.24	1.185
6 1/2%	Nat. Bk. Hungary 77/85	85.50	7.80	5.67	9.55	1.185
6 1/2%	Nat. Nadati. Fin. Munt. 78/86 PP	89.25	7.84	8.58	9.24	1.185
6 1/2%	Nat'l. Wasm. Bk. 73/88	99.00	8.93	1.00	9.44	1.123-830
6 1/2%	New Brunswick 72/87	93.50	7.22	7.67	7.90	1.1178-875
6 1/2%	Newfoundland 69/84	96.00	6.57	7.34	7.94	1.877-885
6 1/2%	Newfoundland 72/87	90.00	6.47	6.42	9.15	1.877-885
6 1/2%	Newfoundland 73/88	90.50	7.50	7.67	8.57	1.1178-875
6 1/2%	Newfoundland 73/88	90.50	7.50	7.67	8.57	1.1178-875
6 1/2%	New Zealand 71/85	95.10	7.89	3.54	9.39	1.275-840
6 1/2%	New Zealand 72/87	92.25	7.59	3.73	9.55	1.377-880
6 1/2%	New Zealand 73/88	96.75	7.89	3.73	9.55	1.377-880
6 1/2%	New Zealand 76/83	97.25	7.71	3.00	8.58	1.383
6 1/2%	New Zealand 76/83	94.00	8.24	4.58	9.40	1.585-880
6 1/2%	New Zealand 76/83	90.50	7.97	4.08	9.08	1.584
6 1/2%	New Zealand 76/83	81.00	6.48	3.00	9.56	1.386
6 1/2%	New Zealand 76/83	84.00	7.14	5.82	9.57	1.265
6 1/2%	New Zealand 76/83	93.50	7.89	3.54	9.39	1.377
6 1/2%	New Zealand 76/83	89.25	7.88	7.54	9.15	15.87
6 1/2%	New Zealand 78/84 PP	91.50	7.86	4.75	9.90	1.1284
6 1/2%	Nippon Housing Loan 78/84 PP	90.00	7.22	4.98	8.57	1.484
6 1/2%	Nippon Steel 78/84	84.25	6.82	2.50	9.55	1.555
6 1/2%	Nippon T & T 75/82 (G)	99.25	6.21	2.23	6.60	1.682
6 1/2%	Nippon T & T 75/82 (G)	99.25	6.21	2.23	6.60	1.682
6 1/2%	Nippon T & T 76/83 (G)	99.25	6.14	2.38	9.34	1.1033
6 1/2%	Nippon T & T 77/87 (G)	99.25	6.14	2.38	9.34	1.1033
6 1/2%	Norcan 78/85	85.00	6.96	5.00	9.67	1.335
6 1/2%	Norcan 78/85 PP	85.00	6.96	5.00	9.67	1.335
6 1/2%	Nordet 78/86 PP	83.50	5.38	6.50	8.43	1.936
6 1/2%	Nordet. LB Int'l. 78/84 PP	86.00	5.61	3.92	8.43	1.936
6 1/2%	Nordic Inv. Comm. Bank 78/86	99.50	7.77	6.21	9.67	1.196
6 1/2%	Norges Komm. Bank 70/85 (G)	99.50	8.04	0.33	9.81	1.1076-855
6 1/2%	Norges Komm. Bank 75/80 (G)	99.55	8.34	0.33	9.81	due 1.580
6 1/2%	Norges Komm. Bank 75/80 PP (G)	99.75	8.64	0.33	9.81	1.581
7 1/2%	Norges Komm. Bank 76/81	97.75	7.79	1.17	9.08	1.581
7 1/2%	Norges Komm. Bank 77/89 (G)	90.90	7.73	9.06	8.56	1.420-293
6 1/2%	Norges Komm. Bank 77/85 (G)	93.50	7.19	8.62	8.98	18.10-290-893
6 1/2%	Norges Komm. Bank 77/89 (G)	83.50	5.50	6.50	8.56	1.1200-893
6 1/2%	Norges Komm. Bank 77/89 (G)	81.75	7.34	10.42	8.73	1.821-395
6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895
6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895
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6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895
6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895
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6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895
6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895
6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895
6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895
6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895
6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895
6 1/2%	Norges Komm. Bank 79/85 (G)	85.50	7.31	8.53	8.66	1.181-895</

Only 20 trading days, but a yield jump of + 1.09% (8.27 % to 9.36%).

WestLB ■

The Association of International Bond Dealers' Quotations and Yields appears monthly in the Financial Times.

It will be published in an eight-page format on the following dates in the remainder of 1980.

114b March

There is a limited amount of advertising space available each month; if your company is interested in taking advantage of this offer please contact:

The Financial Advertisement Department
 or 01 248 8000 Ext. 424 or 388

The following funds include Eurobond issues within their portfolios

Quotations & yields as at 29th February, 1980

BANQUE GENERALE Du LUXEMBOURG

Fund	29/2/80	Price	First Issue Price	Yield %	Div. Date	1/3/79 High	28/2/80 Low	1/3/77 High	28/2/78 Low
Rentinvest	LuxFr 755	LuxFr 1000	8.86	20/11/79 (F&S)	LuxFr 860	LuxFr 752	LuxFr 918	LuxFr 752	
Capital Rentinvest	LuxFr 1343	LuxFr 1000		(Capitalisation)	LuxFr 1430	LuxFr 1343	LuxFr 1430	LuxFr 1196	

[illegible]

Issue	Middle Price	Current Yield	Life*	Yield to Maturity	Repayment Mandatory drawing Sinking fund Purchase fund
South Afr. Oil Fund 79/83 PF (G) ...	96.50	8.28	3.67	9.14	1,11.83
South Afr. Oil Fund 79/84 PF (G) ...	93.50	8.28	4.00	9.79	1,3.84
South Afr. Railway 73/88 (G) ...	98.00	8.43	8.25	9.47	1,7.85-885
South Afr. Railway 75/80 (G) ...	98.50	8.30	8.25	9.59	1,7.85-885
South Afr. Railway 75/80 PF (G) ...	98.00	8.27	0.33	8.59	1,7.85
South Afr. Railway 77/80 PF (G) ...	98.00	8.42	0.42	13.17	1,8.79-800
South Afr. Railway 78/81 (G) ...	98.00	8.42	0.42	13.17	1,8.79-800
South Afr. Railway 78/82 PF (G) ...	98.50	8.16	1.17	10.25	1,5.82
South Afr. Railway 78/83 (G) ...	92.00	8.70	3.32	10.36	1,7.83
South Afr. Railway 78/83 I PF (G) ...	92.00	8.70	3.50	10.83	1,7.83
South Afr. Railway 78/83 II PF (G) ...	95.00	8.12	3.32	10.83	1,12.83
South Scot. El. 73/88 (G) ...	91.25	7.67	7.82	8.56	1,2.79-888
Spain 77/84 ...	98.00	1.98	4.42	8.89	1,8.84
Spain 78/84 ...	91.25	7.32	7.17	8.79	1,8.84
Standard Gasp 78/80 PF ...	84.50	7.10	6.32	9.87	16,5.81-800
Standard Imp. & Exp. 78/82 PF ...	95.00	8.12	2.42	9.89	1,8.82
Stand. Chart. Bank 78/88 ...	80.50	9.07	7.83	10.23	1,1.88
Statoil 78/88 (G) ...	92.00	8.30	9.00	9.17	1,3.85-888
Statoil 78/88 PF (G) ...	94.00	7.74	9.00	9.19	1,3.85-888
Statoil 78/88 PF (G) ...	91.50	7.65	5.00	9.20	1,3.85-888
Statoil 78/88 PF (G) ...	100.00	10.00	0.38	9.79	1,10.80
Statoil 78/88 PF (G) ...	97.50	8.77	0.27	9.79	1,10.80
Sumitomo Metal 75/82 ...	96.50	8.54	2.33	8.71	1,7.82
Sun Oil Int. Fin. 73/88 ...	95.00	7.77	8.42	8.08	1,6.79-888
Svenska Cell 78/88 ...	92.75	7.77	3.92	8.20	1,7.82
Svenska Tandst. 75/88 ...	102.00	8.22	3.00	8.04	1,3.80-855
Sveriges Inv. Bk. 72/87 ...	93.50	7.22	7.20	8.00	1,3.78-875
Sveriges Inv. Bk. 73/88 (G) ...	92.75	7.22	7.20	8.00	1,3.78-875
Sveriges Inv. Bk. 75/83 (G) ...	98.00	8.63	3.25	9.03	1,6.80-838
Sweden 77/84 ...	91.00	7.14	4.17	9.18	1,5.84
Sweden 78/84 ...	91.00	7.14	4.17	9.18	1,5.84
Sweden 78/88 ...	92.00	8.42	8.33	9.04	1,7.89
Sweden 78/88 PF ...	90.00	8.33	8.42	9.11	1,8.89
Tatol Corp. 75/80 PF ...	100.00	8.50	0.04	9.08	16,5.80
Tauernbahn 74/81 (G) ...	98.00	9.50	1.00	9.14	1,3.82
Tauernbahn 78/82 PF (G) ...	99.75	9.02	2.00	9.40	1,3.82
Tauernbahn 75/83 (G) ...	99.00	9.08	3.00	9.40	1,3.83
Tauernbahn 75/83 (G) ...	99.00	9.08	3.00	9.40	1,3.83
Tauernbahn 75/83 (G) ...	97.50	8.18	1.88	8.83	1,2.74-830
Tauernbahn 75/83 (G) ...	97.50	8.67	3.50	7.48	1,9.74-838
Tampine 75/82 PF ...	93.25	8.20	2.99	8.90	1,6.80-838
Tampine 75/82 PF ...	99.00	9.35	2.00	9.78	1,3.82
Thailand 78/83 PF ...	91.50	8.83	3.08	9.55	1,4.83
Thyssen C. Fin. 78/82 PF ...	97.50	8.67	2.33	9.45	1,7.82
Thyssen C. Fin. 78/82 PF ...	97.50	8.46	2.33	9.45	1,7.82
Thyssen Int. 66/81 ...	96.00	6.57	1.00	7.58	1,3.72-810
Tokyo El. Power 78/88 ...	95.75	7.57	9.00	9.28	1,12.79-840
Tokyo El. Power 78/88 ...	89.25	7.28	5.17	9.20	1,5.85
Toray Ind. 75/80 PF ...	97.00	6.93	3.58	7.78	10,2.80
Toray Rubber 78/83 PF ...	93.00	6.59	7.88	7.74	1,10.83
Traf. Houses 75/82 PF ...	92.00	8.38	7.27	8.67	1,10.78-878
Trinidad & Tobago 78/85 ...	96.00	7.08	3.75	8.16	1,12.72-838
Trochheim 88/83 ...	91.50	7.08	7.05	9.48	1,12.72-838
Trochheim 88/83 ...	91.50	7.08	7.05	9.48	1,12.72-838
T.R.W. Int. Fin. 68/86 (G) ...	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
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T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
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T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
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T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
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T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
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T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
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T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880
T.R.W. Int. Fin.	82.50	7.27	7.32	8.67	1,4.66-880

REGION 6 - NETHERLANDS

600 H. Albert de Bary & Co. N.V.

REGION 1 - BELGIUM

110 Dewaay, Seillie, Servais
Van Campenhout & Cie
115 Kredietbank N.V.

REGION 2 - FRANCE

230 Banque Arabe et Internationale
d'Investissement (S.A.I.I.)
235 Banque de l'Union Européenne
206 Banque Nationale de Paris
210 Credit Commercial de France Paris
215 Credit Lyonnais
220 Interunion-Banque
270 Smith Barney Harris, Upham & Co.
Inc.

REGION 3 - GERMANY/AUSTRIA

300 Commerzbank AG
305 Deutsche Bank AG
306 Dresdner Bank AG
307 Westdeutsche Landesbank
Girozentrale
309 Creditanstalt Bankverein
310 Girozentrale und Bank
der österreichischen Sparkassen AG

REGION 4 - ITALY

405 Banca Commerciale Italiana Milan
407 Banco Ambrosiano S.p.A.
409 Banco di Roma
415 Credito Italiano
420 Istituto Bancario Italiano
425 Istituto Bancario San Paolo di Torino

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505 Banque Générale du Luxembourg S.A.
510 Banque Internationale du Luxembourg
S.A.
540 Bayerische Landesbank International
S.A.
515 Dewaay Luxembourg S.A.
Kredierbank S.A. Luxembourggeoise
530 Swiss Bank Corporation
(Luxembourg)

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600 H. Albert de Bary & Co. N.V.
601 Algemeene Bank Nederland N.V.
602 Amsterdam-Rotterdam Bank N.V.
603 Bank Mees & Hope N.V.
604 Barclays Kof & Co. N.V.
611 Centrale Rabobank Utrecht
612 Bank van der Hoop, Offers N.V.
605 Bank Morgan Leabachere N.V.
610 F. van Lanschot
606 Nederlandse Middenstandsbank N.V.
607 Nederlandse Credietbank N.V.
608 Pierson, Heldring & Pierson
609 Slavenburg, Oyens & Van Eeghen N.V.

REGION 7 - SCANDINAVIA

705 Bank of Helsinki Ltd.
(Helsingfors Aktiebank)
755 Bergen Bank
760 Christiana Bank og Kreditkasse
740 Den norske Creditbank
750 Den Danske Bank of 1871 Aktieselsk.
710 F. Skarlinghede, Jr. Bank-Aktieselskab
715 Kansallis-Osake-Pankki
720 Kjøbenhavn's Handelsbank
745 Postipankki
730 Privatbanken Aktieselskab
735 Skandinaviska Enskilda Banken
725 Union Bank of Finland
(Nordiska Föreningsbanken AB)

REGION 8 - SWITZERLAND

800 Bondpartners S.A.
805 Credit Suisse/Swiss Credit Bank
808 Swiss Bank Corporation
870 Union Bank of Switzerland

REGION 9 - UNITED KINGDOM

901 Acroyd & Smathers Limited
904 Amex Bank Ltd.
902 Bank of America International Ltd.
905 Bankers Trust International Limited
907 Bondrade
908 Chase Manhattan Ltd.
909 Chemical Bank International Ltd.
911 Citicorp International Bank Limited
912 Continental Illinois Limited
914 Credit Suisse First Boston Ltd.
913 Dalwa Oyens N.V.
915 Deitoe Trading Company Limited

316 Credit Commercial de France
(Securities) Ltd.
317 Czevala International
320 Dillon, Read Overseas Corporation
322 Dominion Securities Limited
326 European Banking Company Ltd.
330 First Chicago Limited
331 Goldman Sachs International Corp.
332 Hambros Bank Limited
333 IBF International Limited
335 Kidder Peabody Securities Limited
338 Loeb, Rhoades, Shearson
International Ltd.
339 Kuhn, Loeb Lehman Brothers
International Ltd.
336 Manufacturers Hanover Limited
337 McLeod, Young, Weir International
Limited
340 Merrill Lynch, Pierce, Fenner &
Smith (Brokers & Dealers) Ltd.
341 Morgan Stanley International
345 Nesbit, Thomson Limited
344 New Japan Securities Europe Ltd.
342 The Nikko Securities Co. (Europe)
Ltd.
343 Nomura Europe N.V.
346 Orion Bank Limited
345 Plazan, Deby & Co.
347 Salomon Brothers International
350 Samuel Montagu & Co. Ltd.
355 Scandinavian Bank Limited
360 Strauss, Turnbull & Co.
362 Sumitomo Finance International
364 Vickers, de Costa & Co. Ltd.
365 S.-G. Warburg & Co. Ltd.
367 Wiedt Dürschner Morandant & Co.
370 Westdeutsche Landesbank
Girozentral
375 White Weld Securities
377 M. S. Wetz & Co. Ltd.
380 Wood Gundy Ltd.
390 Yamaichi International (Europe) Ltd.

REGION 10 - UNITED STATES

10 Arnold and S. Bleichroeder Inc.
15 Bear Stearns & Co.
26 Drexel Burnham Lambert Inc.
30 Kidder, Peabody & Co. Inc.
32 Lehman Bros. Kuhn, Loeb Inc.
33 Lazard Freres & Co.
35 Merrill Lynch, Pierce Fenner
Smith Inc.
60 Salomon Brothers
80 Atlantic Capital Corporation

REGION 11 - MIDDLE EAST

005 The Arab Co. For Trading Securities
S.A.R.

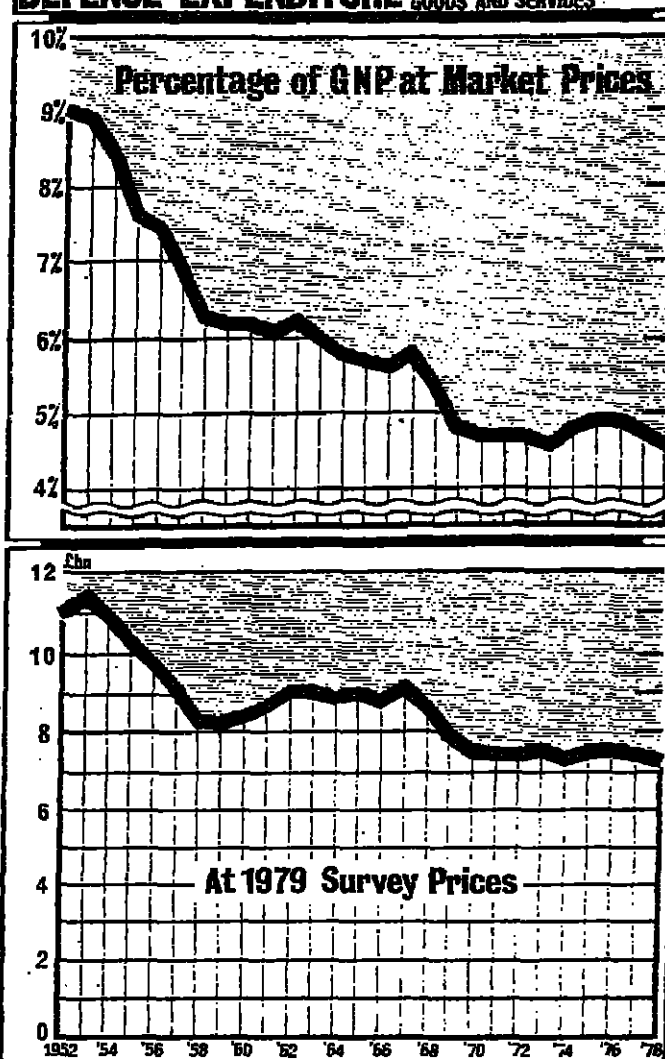
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93	PP (G)	89.99	9.09	3.00
93	PP (G)	79.00	7.24	13.06
93	PP (G)	87.70	7.18	8.70
93	PP (G)	87.50	6.87	3.50
93	PP (G)	83.00	6.80	13.67
93	PP (G)	83.00	6.75	5.05
93	PP (G)	81.00	6.83	3.08
75/92	PP	99.00	8.67	2.08
75/92	PP	99.00	8.67	2.08
75/92	PP	99.00	8.67	2.08
75/84		99.00	6.57	1.00
75/84		95.75	7.57	2.86
75		89.25	7.28	5.17
75		87.75	6.88	1.58
75	PP	23.00	6.99	7.58
87		88.50	6.70	3.08
87	PP	96.00	7.02	3.76
87	PP	95.00	6.85	4.05
87	PP	95.50	7.26	4.94
87	PP	82.50	7.27	7.92
87	PP	82.50	7.27	7.92
87	PP	100.50	9.70	1.75
87	PP	100.25	8.48	4.49
87	PP	95.75	8.70	7.07
75/85		96.50	6.65	4.42
75/85		92.50	7.30	2.16
75/85		91.75	7.34	1.58
75/85		81.75	7.34	8.00
75/85		81.75	7.34	8.00
75/85		85.75	7.31	3.25
75/85		85.75	7.31	3.25
75/85		87.25	6.39	4.79
75/85		96.50	8.81	8.58
75/85		95.75	7.70	7.16
75/85		88.25	7.65	6.52
75/85		89.00	7.27	8.67
75/85		96.00	5.73	5.08
75/85		96.00	5.73	5.08
75/85		94.00	6.91	2.26
75/85		96.66	6.80	2.16
75/85		94.51	6.91	2.26
75/85		92.50	6.49	2.53
75/85		93.85	8.51	0.42
75/85		96.15	8.15	3.21
75/85		95.00	7.81	1.08
75/85		96.40	7.86	3.55
75/85		95.15	6.83	2.33
75/85		92.00	7.34	3.36
75/85		93.50	7.22	2.52
75/85		90.00	7.22	0.44
75/85		97.25	8.48	2.25
75/85		99.00	8.08	2.75
75/85		99.90	8.26	3.33
75/85		97.25	8.25	4.42
75/85		96.00	8.16	2.58
75/85		95.00	7.81	2.17
75/85		95.75	8.09	3.58
75/85		90.00	7.50	5.76
75/85		96.00	7.18	3.92
75/85		89.00	6.51	2.80
75/85		99.00	7.57	5.94
75/85		97.00	7.47	1.17
75/85		96.25	6.96	5.54
75/85		89.75	7.80	6.83
75/85		96.00	7.50	7.17
75/85		87.10	6.80	4.62
75/85		80.35	7.07	7.42
75/85		81.75	7.85	8.75
75/85		70.75	8.22	8.38
75/85		96.00	7.14	1.84
75/85		88.75	8.03	7.47
75/85		89.25	8.68	11.33
75/85		92.10	8.15	9.53
75/85		93.50	8.42	9.83
75/85		98.50	8.85	2.20

1. 3.83
 1. 4.84-33S
 1. 5.77-33D
 1. 5.74-33S
 1. 11.52-33S
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 1. 4.83
 1. 4.82
 1. 7.82
 1. 3.75-81D
 1. 12.75-84D
 1. 5.85
 due 10. 2.80
 1. 10.85
 1. 10.78-87S
 1. 4.83
 1. 12.75-33S
 1. 4.85-88D
 1. 10.75-84S
 1. 2.84-88S
 1. 8.83
 1. 12.81
 1. 3.81-87S
 15. 12.84-88S
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 30. 4.85
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 1. 3.84-88S
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 1. 5.74-33S
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 1. 6.81-85D
 1. 6.84-89D
 1. 11.79-88S
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 2. 1.77-84D
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 1. 1.90
 1. 1.90

Britain's defence dilemma

DEFENCE EXPENDITURE CURRENT EXPENDITURE ON GOODS AND SERVICES



last-ditch national defence. The choice would lie between the Navy and Rhine Army.

At its crudest, one might say that this represents the choice between the prevention of war and national survival after war has broken out. In weighing the implications, much would depend, first, on whether Rhine Army represents more than a marginal contribution to the ground forces in central Europe; second, on whether such a gap would be the worst to fill (for example by the Germans); and third, whether cutting Rhine Army would be seen in NATO as a quantum shift from

alliance defence to national defence.

Some people believe, and many hope, that the Defence White Paper later this month will be a good deal more explicit on some of the fundamental issues of British defence policy than most of its predecessors. What seems uncontroversial is that a series of hard decisions lie ahead. It would be helpful if the Government could do more than pay lip service to the notion of democratic accountability.

Ian Davidson

BRITAIN'S nuclear deterrent poses two questions: do we need it, and can we afford it? For the past 15 years the first question has not been a serious political issue, because the answer to the second has been a resounding "Yes". The four nuclear submarines with their 64 Polaris missiles cost very little to run and take up hardly more than 1 per cent of the total defence budget. To be sure, the Labour Party engages in anti-defence rituals, but in practice no Government of either complexion has seriously attempted to open the debate on the question of principle.

This happy consensus may not last very much longer. The Government has announced that it intends to acquire a new generation strike force against the day, in the early 1990s, when the Polaris system reaches the end of its useful life. Mr. Francis Pym, the Defence Secretary, has done his best to be reassuring about the costs of the new system, but it is clear that during the period of acquisition, they will be substantially greater than the 1 per cent of the defence budget to which we have grown accustomed.

Some people think that he has been altogether too reassuring; others that, even without the problem of a new strategic strike force, Britain is liable to face, in the next few years, severe strains on its defence budget, which could put in question a large chunk of Britain's conventional defence capability. Indeed, there are serious people who are ventilating the idea that Britain may have to consider sharp reductions either in the Rhine Army or in the navy.

But it is the nuclear deterrent which raises the most pressing problem, since a decision on the new generation needs to be taken this year. When Mr. Pym announced the Government's general intentions on January 24, in the first nuclear weapons debate to be held in the House of Commons for 15 years, many MPs assumed that the

Government had in practice decided to buy the Trident submarine system, which is now entering service in the U.S.

Mr. Pym did not mention the Trident; he even remained impenetrably vague as to whether the new system would be submarine-launched or, if so, whether it would be a ballistic missile. The only points on which he approached precision were those of cost and timing.

The new system would cost, he said £4bn-£5bn, spread over 10-15 years, and it would come into operation in the early 1990s. The investment expense would reach a peak in the late 1980s, but even then would not exceed 5 per cent of the defence budget.

Implausible

Unfortunately, not all these figures look entirely plausible. If the new system is to be operational by the early 1990s, say by 1993—the costs cannot be spread over more than 12 years. If the Government has set its heart on Trident, then there are doubts in the minds of some independent experts whether it can be purchased for less than £4bn in today's money.

If this cost were spread exactly evenly throughout the 12-year period, then the average would be roughly five times the current running cost of the Polaris system. Some academic specialists believe that the peak investment costs could reach £700m-£800m around the turn of the decade. This would represent something like 8-9 per cent of the present defence budget.

At first blush, therefore, it would seem either that the Government is envisaging significantly larger peak investment costs in the new system than it is prepared to admit; or that the total defence budget will be substantially larger in real terms than it is now, in order to bring the investment costs below the 5 per cent ceiling; or that the Government may have to settle for a system much cheaper than the Trident.

It is easy to see why the Government might be coy about the probable cost profile of Trident, since the peak expenses could conceivably only start appearing in the accounts after the next election but one. It is also possible that Mrs. Thatcher sincerely believes that there should be a steady increase in the real size of the defence budget. Indeed, she has endorsed the commitment, urged on NATO by President Carter, to a 3 per cent increase in real terms this year.

But can we expect a real increase in defence spending for most of the rest of the decade, so as to accommodate the investment in a successor to Polaris? Considering that Mrs. Thatcher is committed to reductions in public expenditure generally, this seems inherently improbable, because it implies even fiercer cuts in non-defence spending, precisely during a period when low growth and high unemployment will increase the demand for welfare payments.

A steady increase in defence spending would also represent a sharp reversal of the historic pattern since World War II. As the graph shows, defence spending has in practice remained remarkably constant during the past decade, though this plateau is considerably lower than in the post-war years. What the graph does not show, however, is that even the periods of constancy have been against the background of regular defence reviews, in the mid-1950s, the mid-1960s and the mid-1970s, each of which has involved a reduction of defence capability or commitments on the ground.

One reason is that the real "real" costs of defence, both in wages and in weapons brought up to date, tend to rise faster than inflation. The consequences of this underlying tension between an apparently stable defence budget and a declining amount of defence we get for the money is that, unless there is an explicit decision to allocate a larger share of the

GNP to this area, we may face the prospect of another defence review in the mid-1980s.

This, at least, is the thesis of David Greenwood, of the Aberdeen University Centre for Defence Studies, who has argued that, since Britain has given up virtually all its non-European commitments, the choice this time will be between cheese-paring all round and a much more radical reappraisal of the attempt to maintain a balanced triad of forces—army, navy and air force.

Cheese-paring all round he regards as unsatisfactory all round, especially if it is conducted in the systemic panic. He therefore urges a systematic long-term look at the structure of Britain's defence.

He is not alone. Sir Arthur Hockaday, Second Permanent Under-Secretary at the Defence Ministry, has echoed precisely the same anxieties and has come to remarkably similar conclusions. In an article in the December issue of the Royal United Services Institute journal he says: "I would deplore most strongly any suggestion of a reduction in our contribution towards NATO's Continental or its maritime strategy, but I think one is bound to envisage the possibility that the inexorable pressure of economic forces may at some time bring us hard up against choices of priority between the two."

It goes without saying that any such choice would produce uproar in NATO, since it would imply either that British cutbacks would have to be made good by others, or that NATO would in turn have to reappraise its own balanced defence structure.

The trouble is that, while British defence spending as a proportion of GNP is significantly larger than that of most other NATO countries apart from the United States, it is smaller in absolute terms than that of Germany (or France, for that matter), because British GNP is so much smaller. In other words, another defence review would

call into question Britain's ability to deploy a defence capability consonant with its political pretensions.

Above all, it must raise a question about the rationale for maintaining an independent British deterrent, since the investment costs of a new system are bound to compete with the three conventional arms for scarce resources. If one leaves out support costs, R & D, training and so on, one can say very roughly that each of these arms gets something over £1bn a year. If it is true that Trident investment costs could peak at £700m-£800m, one gets some idea of the intensity of this pressure.

Now the curious thing about the British deterrent is that it has never been given an articulated and properly elaborated rationale by any government. Even though the debate in January was the first on British nuclear weapons policy for 15 years, it did nothing to advance matters. One reason, of course, is that nuclear weapons are treated with much greater secrecy in Britain than in the U.S. MPs are almost totally deprived of meaningful information either about the technicalities or about policy, and appear to have given up hope of getting sensible answers even to the simplest questions.

Uncertainties

But it is not absolutely clear that the Government knows what the deterrent is for. Mr. Pym's speech in January—a tantalising cocktail of the delphic and the merely confusing—seemed to rest primarily on the assertion that the value of the Polaris system lay in Russian uncertainty about its possible use. He may be right, but Russian uncertainty could not be greater than that of the MPs who took part in the debate.

This is not to undervalue the uncertainty argument, since all deterrence rests on an element of uncertainty. There are growing doubts whether the U.S. could be counted on in practice to participate in a strategic

nuclear exchange in the defence of western Europe. But since the Russians cannot be certain of that, they may be deterred from taking the risk.

And the more the Europeans doubt the reliability of American willingness to risk massive destruction in the U.S., the more value they may place on the British and French nuclear capabilities. Certainly, Colonel Jonathan Alford, of the International Institute for Strategic Studies, has strongly argued in a recent Adelphi Paper that Britain should maintain its deterrent.

What is not clear is whether it is a national or an alliance deterrent. In theory it is both, but this is a logical contradiction if one thinks of it, not as a deterrent, but as a weapon which might have to be used if deterrence failed. An alliance weapon would be used for alliance purposes; a national weapon would be held back until the latest possible moment in a last-ditch defence of national security. The targeting in the two cases might be quite different.

But even if one ascribes the maximum value to the British nuclear strike force, this value must still be weighed against the value of the various parts of the conventional triad. In particular, the defence authorities have to consider not merely what forces would be available in the period leading up to a nuclear exchange, but also those that would be required thereafter. It would be rash to assume that a nuclear exchange would necessarily be the end of the war.

It may be argued, as Colonel Alford has done, that Britain can maintain a deterrent without going in for anything as expensive as the Trident system. But this would not dispose of Sir Arthur Hockaday's pre-occupations with the budgetary pressures on the conventional triad. The unstated assumption in his article is that, if cuts did have to be made, they could not fall on the air force, presumably because it really does provide

Market needs and engineers

From the General Editor Design Studies

Sir,—If there is a shortage of professional engineers or a shortage of particular skills in engineering then, as Mr. Hemming (March 7) suggests, something should be done in the short term rather than wait for the proposed British engineering authority machine to materialise and move.

The market should be giving strong signals about shortages in general, even for engineers. For these, unless there are attractive salaries and prospects now, few entrants will offer themselves. The market is not very good, however, at giving signals which relate to five years ahead, which is when fresh entrants this year to the higher education sector will be able to make their impact.

Another way in which the market seems to be a poor indicator is in reflecting critical shortages in specific parts of any sector of professional engineering. Mr. Hemming gives possible examples by citing health and safety and product liability legislation. I am not sure that these are, in fact, critical areas. The difficulty lies in the absence of satisfactory information on the matter.

What is needed—for the short term preferably—is a sample survey of industry to identify in fairly precise terms what are the specific shortages as revealed in actual "critical" situations. Suppose, for argument, that a company found that after a massive tendering effort it lost because of a shortage of control design skills. This would be a need revealed by a critical incident. In another case it might be that the company sustained a loss after launching a new product because of inability to foresee changes in technology. In a more positive sense it might be that the company found that it was able to modify a tender and gain a valuable contract through introducing a new and speedier estimating technique which enabled a value analysis team to probe more deeply into cost savings. This would constitute a shortage overcome by the company concerned but likely to be existing still elsewhere. Again, it might be that a company, in a forward design study, had appreciated a critical need for better project evaluation skills and saw this as something to build up.

Critical needs analysis, from past experience and looking at the future, is a much sounder way of identifying what should be done than using job descriptions. It is even better compared with the use of received wisdom or board-level beliefs. It should come from those who are intimately connected with professional engineering practice within a company and who understand the significance of the many aspects of engineering.

Such a survey would give extremely valuable information regarding directions in which short-term change might be pursued. It would not, however, say much about how to cope educationally. Indeed, without answers about critical needs, it is not easy to make educational plans.

In the face of uncertainty alone there is merit in Mr. Hemming's suggestion of a modular approach. But there

Letters to the Editor

are other advantages. Not only should modularity make it possible to cope with a spread of different industrial requirements, but also permit an approach to the ideal of training pattern tailored to the career development of each professional engineer. Already some support is being given to the promotion of regional centres for part-time study at master's level. These might be used to offer such courses which would "fit" aspirations expressed by Mr. Hemming. This rather depends upon what a survey of critical needs reveals.

Universities have for some time been discussing their future. The advent of Finniston has spawned another layer of discussion, particularly in the engineering faculties. This is largely about their existing modes of work and how these will be affected. They should be considering further questions. What about modularity for updating? What about correspondence courses and other modes of study at a distance? Much more should be known about market needs.

S. A. Gregory, 22 Crescent Road, Stafford.

Monitoring the public sector

From Mr. S. Tietz

Sir,—Your leader of March 6—Monitoring the public sector—highlights one aspect of a wider problem. It is surprising how difficult it is to gauge the effectiveness of the public sector, be it central government, local authorities, public utilities or nationalised industries. Information on levels of staffing and the way these relate to the work load seems impossible to get. For example, we know that road design and construction have greatly reduced in the last five years as has the work of the Public Services Agency but one cannot get figures on such bodies' staffing levels, the fee equivalent of design being started, being completed or other factors which would establish how such departments compare in cost effectiveness with their privately owned equivalent. This same problem applies in local government. Here too work load has significantly decreased but figures that would relate design costs to the work being done are simply not available. This applies even in areas such as design of buildings, where costs should be easily measurable, just as they are in private architects are employed.

It has been suggested that the Local Government Bill now going through the House of Commons could demand that the information required to identify such costs should be made public for design costs, just as it is to be for direct labour contracts where local authorities build for themselves. In-house design is after all only another form of direct labour. So far this suggestion has not been taken up, and any anomalies that may exist can presumably continue undetected.

It is interesting that the salary survey just published by the Institution of Civil Engineers shows that the rise in salaries within central government was 27 per cent for the last twelve months compared to around 17 per cent for the private sector, i.e. contractors

and consultants. Median salaries in central government are over £1,000 above the mean for chartered engineers as a whole. In a free sector such a wide spread suggests a pressing need to attract more staff, surely not a need compatible with the declared intentions of the government. The absence of hard facts can only lead to a suspicion that those in charge of public departments wish to hide something, surely not their intention.

It is however strange that we can get many more facts about those who spend their own money than those who spend ours and some correction of this seems overdue.

Stefan B. Tietz, 10-14 Macklin Street, WC2

Civil Service pensions

From the Secretary General, Civil Service National Whitley Council Staff Side

Sir,—Last Wednesday you reported that Mr. Jock Bruce-Gardyne, MP, had written to the Minister of State in the Civil Service Department seeking an assurance that the adjustment to civil service pay rates to take account of pension costs is not acceptable to the Government. The Minister of State will have no difficulty in denying that civil service pay rates are only adjusted by 3.5 per cent. In fact the Minister told the House of Commons in November last year, in answer to a question from Mr. Bruce-Gardyne that civil servants pay an average 7 per cent for their pensions.

The increase in the deduction which the Government Actuary is now proposing will bring the average contribution to 8.5 per cent, and will mean that civil servants will themselves pay 87 per cent of the cost of civil service pensions for this year.

Perhaps Mr. Bruce-Gardyne would ask the Minister of State why it is that Members of Parliament are not being asked to pay more than 6 per cent for their inflation-proofed pensions which are based on a higher accrual rate than civil service pensions. The increase in the deduction which the Government Actuary is now proposing will bring the average contribution to 8.5 per cent, and will mean that civil servants will themselves pay 87 per cent of the cost of civil service pensions for this year.

How it can be said that civil servants do not contribute to their pensions when pay rates are reduced before settlement to take account of pensions costs, I do not know. It would certainly be better for civil servants to have a post-settlement contributory scheme like Mr. Bruce-Gardyne's Parliamentary scheme with only a 6 per cent post-settlement contribution.

According to the Secretary of State for Social Services, 64 per cent of occupational pension schemes in payment are inflation-proofed, and civil service pensioners represent a seventh of this total.

Mr. Bruce-Gardyne would be better advised asking the pri-

Non-executive directors

From Mr. J. Barnwell

Sir,—As an ex-deputy chairman of an not-unimportant international company I would like to comment on Geoffrey Owen's article (February 19) on "The pros and cons of non-executive directors."

His article included the following comment "There is a lot to be said for the old-fashioned view that the main task of the board is to hire and fire the management. If the non-executive directors do nothing more than ensure that when the chief executive retires, the right man is chosen to replace him, they will have done a great deal." In my opinion if the words "old-fashioned" are substituted for "old-fashioned," then this comment is right on target.

The executive directors of a company are the management, or at any rate the senior management, and therefore shareholders cannot always rely on them to take an objective view of the state of management of the company. They should, but do they? Always? Sadly the answer is no.

Such a gap in a company's defences can only be filled by non-executive directors. It would be difficult, perhaps inappropriate by legislation to place this and other particular responsibilities on the shoulders of the non-executive directors, or even to require their appointment. A Stock Exchange regulation might be more appropriate.

It would be pointless to create a separate class of directors without giving them particular duties and responsibilities, and it is this point which seems to provoke argument against the whole concept. If it is conceded, however, that somebody must monitor the management performance, then only the non-executive directors can be relied upon to do this. A shareholder is completely powerless to bring pressure to bear on a company's board unless he owns at least 5 per cent of the company's voting shares or acts in consort with (a) others who do, or (b) 99 others who together own £10,000 paid-up value of shares.

It is the very remoteness of boards from shareholders which creates the necessity for non-executive directors, and they can only bridge this gap by formally and separately reporting to shareholders on the discharge of their responsibilities. To impose annually upon the non-executives the two-fold alternatives (a) sign up that everything's 100 per cent OK, or (b) resign, would defeat the whole object of their continuing role. It would not be unreasonable, however, to require them to state whether or not they were completely satisfied, and if not whether in their opinion sufficiently energetic steps were being taken to remedy any defects.

J. E. Barnwell, 3 Chilton Avenue, Winchester, Hants.

UK: Mr. James Prior, Employment Secretary, opens Small Firms—Big Ideas exhibition, Design Centre, London.

Civil Service National Whitley Council Staff Side meets Civil Service unions to consider test case on legal relations between civil service and Government.

Mr. Michael Foot, Opposition deputy leader, speaks at South-East East by-election meeting.

Prince Philip gives opening address at Arctic Ocean pollution conference, Kensington; opens three-week sports exhibition at Stock Exchange.

Mr. James Gould, CBI Scotland vice-chairman, visits sheltered workshops of Scottish Epilepsy Association, Glasgow.

In-company communications seminar, Birmingham Chamber of Commerce.

Post Office reports on progress of viewdata system Prestel.

Archbishop of Canterbury speaks at Foreign Press Association lunch, London.

Engineering 80 exhibition opens, Harrogate.

Microforum Europe exhibition opens, Wembley Conference Centre (until March 13).

Overseas: Last day of Bank of International Settlements meeting in Basle.

European Parliament in session, Strasbourg.

Today's Events

PARLIAMENTARY BUSINESS

House of Commons: National Health Service (Invalid Discharge) Bill, second reading.

Motions on Representation of the People (Variation of Limits on Candidates' Election Expenses) Order and Deacons and Lay Workers (Pensions) Measure.

House of Lords: Education Bill, committee.

Select Committee: Foreign Affairs, Overseas Development Sub-committee. Subject: Increase in overseas students' fees. Witnesses: Dr. Rhodes Boyson, Under Secretary for Education; Foreign Office: Overseas Development Administration. Room 16, 4 pm.

OFFICIAL STATISTICS

Central Government transactions (including borrowing requirement) for February. London clearing banks' monthly statement (mid-February). UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-February).

COMPANY MEETINGS

Investors Capital Trust, 9 Charlotte Square, Edinburgh, 12.30. United Scientific, White House Hotel, Albany Street, NW, 12. Willoughby's Consolidated, Cheapside House, 138 Cheapside, EC, 12.

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Parker Knoll jumps and expects at least £3.5m

Manganese Bronze down in first half

SECURICOR

1975 76 77 78 79

TURNOVER

Year	Turnover (£m)
1975	£82m
1976	£82m
1977	£101m
1978	£121m
1979	£142m

PRE-TAX PROFIT

Year	Pre-tax Profit (£m)
1975	£2.4m
1976	£3.4m
1977	£4.5m
1978	£5.4m
1979	£6.9m

NET ASSETS

Year	Net Assets (£m)
1975	£15m
1976	£18m
1977	£21m
1978	£31m
1979	£37m

*figures pre-financial and capital charges at percentage earnings rather than fully to book value

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IN HIS STATEMENT
AS CHAIRMAN OF
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BIDS AND DEALS

National Carbonising buy 25.6% of Hampton Gold

BY PAUL CHEESRIGHT AND CHRISTINE MOIR

National Carbonising, which last year came under the control of Mr. Graham Ferguson Lacey, has bought a 25.6 per cent stake in Hampton Gold Mining Areas for £4.43m.

Bond Corporation, the diversified Australian resources and investment group built up by Mr. Alan Bond, disclosed yesterday that it had sold its 1.36m shares in the London-based minerals company to National Carbonising for 325p a share.

This gives a profit of £1.5m to Mr. Bond who bought the shares last October for 215p each. The remainder of the shares were bought in the market.

The deal is National Carbonising's second major investment in the resources sector since Mr. Ferguson Lacey became chairman and major shareholder last year.

Last September it acquired about 5 per cent of Weeks Petroleum, the Bermuda-based oil exploration group, and more recently built this stake up to 7.28 per cent at a total cost of around £8m.

This is the third time the Hampton stake has changed hands in the last 18 months. Colonial Mutual Life Assurance Society of Australia built up the interest last year when it had takeover talks with Hampton. After these talks broke down, the shares were sold to Bond.

Bond's sales follows abortive attempts to gain board representation at Hampton. The company, which has fought fiercely for its independence over the last 18 months, seems likely to resist any similar overtures from Mr. Ferguson Lacey.

So far Mr. Ferguson Lacey has not been in touch with Hampton, the chairman of which, Mr. James Ley, was surprised by the purchase. "I am not wildly enthused," he said.

Hampton's staple income comes from nickel royalties in Western Australia. It has purchased stakes in other small mining

companies, most notably in recent months in Gevora Tin, the Cornish producer, and Paranga Mining, an Australian concern. It also has North Sea oil and gas interests.

It appears to be the North Sea interests which have attracted Mr. Ferguson Lacey, who has promised to concentrate National Carbonising's activities in "the sphere of energy." For some years the company's main asset has been a 6.8 per cent stake in London and Scottish Marine Oil, but Mr. Ferguson Lacey sold this for a net £1.65m early this year.

The proceeds of that sale and further minor sales of National Carbonising's non-energy activities now appear to have been fully invested in the stakes in Weeks and Hampton. Mr. Ferguson Lacey has denied, however, that he intends to turn National Carbonising into an energy investment trust.

National Carbonising shares yesterday closed at 120p, for a rise on the day of 4p. Hampton shares, moving against the trend of the Australian market, finished 7p higher at 357p. Bond Corporation shares were 88p.

In a separate move yesterday Mr. Ferguson Lacey sought suspension of trading in the shares of Hamilton, a small brick making and investment holding company of which he has 53 per cent. The shares had moved up 9p to 84p prior to suspension.

An explanation is expected within the next 48 hours. Meanwhile, the suspension announcement said simply that negotiations were currently taking place which would, "if successful, materially alter the character of the company."

Among its investments, Hamilton has a small stake in Bernard Wardle, the motor textiles group, for control of which Mr. Ferguson Lacey is

currently bidding through his main private vehicle, Birmingham and Midlands Counties Trust.

W. AND E. TURNER SUSPENDED ON BID APPROACH

W. and E. Turner, which sells shoes, hosiery and handbags, has asked for its shares to be suspended following an approach which may lead to a takeover bid.

At yesterday's suspension price of 48p, down 1p, the company is capitalised in the market at nearly £5m. Its last profits statement, for the first half of 1979, showed a sharp jump in pre-tax profits from £278,000 to £475,000 after a rise in the whole of 1978 from £254,000 to £1.4m.

A large slice of Turner's shares, over 40 per cent, is in the hands of directors and others closely associated with the company. The chairman, Mr. Kenneth Bowder, owns 21.56 per cent. Other shareholders include Pearl Assurance and Magwest Nominees with just over 5 per cent each.

GREENBROOK SECS.

Greenbrook Securities, which has acquired a further 72,500 ordinary shares in the East Lancashire Paper Group and now owns 715,000 ordinary shares, representing 13.12 per cent.

Greenbrook is an unquoted company controlled by members of the family of Mr. Roger Green, and is the parent company of the formerly quoted British Industrial Holdings.

R. A. DYSON

The listing of R. A. Dyson has been cancelled at the company's request following the acquisition of over 70 per cent of the capital by Ryland Vehicle Group.

Application may be made to make specific bargains.

Dyno-Rod seeks SE quotation by year-end

By Arnold Kransdorf

A Stock Exchange quotation is being considered for Dyno-Rod, the plumbing and sewerage service subsidiary of the Zockoll Group. Mr. David Tabb, deputy chairman and managing director, said yesterday.

Negotiations are underway for the company to come to the market by way of a reverse takeover into an existing public company, he said.

Tabbe said that if the negotiations were successful, the company could come to the market by the end of the year. An alternative was also being considered whereby Dyno-Rod would go public under its own steam, in which case a quotation would be about two years away, he added.

There are 61 Dyno-Rod centres in the UK of which 15 are wholly owned by the company and the balance operated under franchise.

In 1978 the company's turnover was £7.2m on which pre-tax profits amounted to £0.5m. Current year projections put turnover at over £9m and profits at around £0.7m.

BONNERPARK INCREASES ROYCO STAKE

Shareholders, who hold 24.6 per cent of the shares of Royco, the property development concern, have decided to accept a bid which placed a value of £10m on the company, from interests controlled by the group's former chairman, Mr. Roy Strudwick.

The bid, owned by Bonnerpark Investments, a Jersey company controlled by Mr. Strudwick, has given the company 4.91m Royco shares. Added to its existing stake of 14.51m shares in total, representing 74.6 per cent of the Royco capital.

Bonnerpark's bid had been opposed by independent directors of the Royco board, who said that the 50p per share cash offer was inadequate. Bonnerpark's advisers, Barclays Merchant Bank, stressed that there were no board changes planned in Royco as a result of the independent directors' resistance.

BOOTH TANNERY MERGER

Booth (International Holdings), the hide and skin merchant and tanner, is to rationalise its production of leather in Nottingham by merging two tanneries.

The plant and equipment of Wade and Co. (Nottingham) is to be transferred to the Trent Bridge Leather Works of Turney Bros. The eventual sale of the Wade property is expected to be above book value, which will help to materially offset the costs of rationalisation.

The joint operation, it is said, will lead to improved productivity.

VIKING OIL

Shares of Viking Oil, the oil and gas exploration group, which are traded under rule 163(3) on the Stock Exchange, were suspended at the group's request pending an announcement. The suspension price was 910p.

Last month Viking agreed to a bid from a subsidiary of the major West German oil group Deminex. The proposed offer is 300p in cash and one royalty unit for the right to a specified percentage of oil production proceeds for each Viking share.

Yesterday, there had been speculation that there would be an announcement from Deminex and Viking, but London advisers for Deminex, S. G. Warburg, said: "there was no news to report."

British Assets Trust and Edinburgh American Assets Trust, who are associates under the terms of the City code with respect to their holdings in Viking, revealed yesterday that they had reduced their investment in the ordinary capital of Viking from 10.7 per cent to 8.8 per cent of price, ranging from 96p to 98p. They are no longer an associate of Viking.

Jos. Stocks increase

PRE-TAX profits of Joseph Stocks and Sons (Holdings), wholesale provision merchant, importer and distributor, improved from £267,716 to £351,675 in the half-year to September 30, 1979. Turnover was up from £22.52m to £23.24m.

Tax charged was higher at £198,471 against £139,212. The figures exclude associated company, Thorv Hammond.

The interim dividend is effectively increased from 0.36p to 1p—last year's total was an adjusted 3.06p from pre-tax profits of £626,000. Stated earnings per 10p share are 7.4p against 6.2p.

SPAIN	33 687	Price	CC
March 8			
Banco Bilbao	256	256	
Banco Central	256	256	
Banco Exterior	213	213	
Banco Hispano	225	225	
Banco Ind. Cel.	138	138	
Banco Madrid	156	156	
Banco Santander	274	274	
Banco Urquijo	174	174	
Banco Vizcaya	126	126	
Banco Zaragoza	209	209	
Dragados	100.5	100.5	
Espeyasa	59	59	
Fecsa	57.2	57.2	
Gai. Pradinas	33	33	
Hidrovia	63.5	63.5	
Industria	89.5	89.5	
Petroleros	107	107	
Petroliber	63	63	
Sapiena	113	113	
Telefonica	54.5	54.5	
Union Elec.	63	63	

Lloyds seeking to reduce dependence on interest

FACED with the alternative risks of high and low inflation, Lloyds Bank has been pushing on with those parts of the business which are less dependent on interest rates, particularly the international and wholesale operations, Sir Jeremy Morse, the chairman, says in his annual statement.

Merchant banking activities are continuing to be expanded at home and abroad and new branches or representative offices have been opened in Germany, Italy, Canada, the U.S. and Colombia.

"If the battle to defeat inflation is won and interest rates come down well into single figures and stay there, the profitability of our retail business in the UK would be hard hit," Sir Jeremy says, pointing out that the group's costs would stop rising but income would suffer a substantial actual reduction.

"If on the other hand inflation continues or even accelerates, then we could face the new

danger of a general decline in saving combined with a move of balances away from current account to interest-earning accounts."

The temporary combination of increased interest rates and a national economy still growing in comparison with the previous year produced a rate of return exceeding, by a considerable margin, the cost of operating the network's current accounts, in 1979, Sir Jeremy says.

As the inflationary cycle progresses, however, and the UK and U.S. economies move into recession, interest rates will come down while borrowing customers will come under pressure and if the recession is deep enough this vulnerability will extend to the bank's lending abroad in many parts of the world.

Therefore the 1979 profits, ahead 40 per cent to £277m pre-tax, "are a welcome and necessary provision for difficult times ahead," he states. Even so the benefits from these profits "do

not lie in unsustainable boosts in dividend, nor in excessive pay rises nor in undercharging for bank services but rather in the strengthening of group reserves over a period for the reassurance of depositors and of everyone else with an interest in the bank."

Sir Jeremy says he cannot be sure this cyclical pattern will continue in the 1980s.

As reported February 23, the group lifted taxable profit for 1979 to £277m (£185m). On a current cost basis in line with ED 24, the advance was from £133m to £170m. Net dividend is stepped up to 14.5p (10.145p).

Capital commitments at year end amounted to £51.9m, against £60m, of which £11.8m (£12.6m) had been authorised but not contracted.

Total remuneration to the group's 59,328 (57,782) employees was £363m (£315m) representing 61 per cent of operating costs. The chairman received £54,458 (£55,458) and the highest paid director £87,160.

Ample liquidity in the world's money markets kept competition intense and margins low in 1979 and the bank's international profits suffered further from the relatively high level of sterling.

FIRST GUERNEY TRUST AHEAD

Revenue of First Guernsey Securities Trust advanced from £19,287 to £21,255 for 1979, before tax of £2,731 against £4,188. The gross dividend is raised from 3.5p to 4.5p per £1 share and a one-for-four scrip issue is also proposed.

Net assets at the year-end were up from £514,110 to £506,175, while asset value per share reached 227p (204p).

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80	High	Low	Company	Price	Change	Div (p)	Gross	Yield	P/E
89	70	Airington and Rhodes	71	-	13.7	9.4	4.21		
50	35	Armitage and Rhodes	37	-	3.8	10.9	2.31		
237	185	Bardon Hill	227	-	13.8	5.8	6.91		
100	85	County Cars 10.7% P.I.	85	-	15.0	18.0			
101	63	Debbas Blair	93	+1	6.0	5.4	10.7		
100	88	Frank Horsell	100	-	7.9	7.9	6.2		
128	100	Frederick Parker	100	-7	12.2	12.8	4.61		
102	102	George Blair	102	-	18.5	15.7			
68	45	Jackson Group	66	-	5.2	7.9	3.91		
153	113	James Burrough	116	-	6.2	6.2	10.2		
300	242	Robert Stewart	255	-	31.5	12.2	8.11		
227	175	Torday	217	-	14.0	6.6	5.61		
34	184	Twintock Ord	19	-1	0.8	4.4	3.61		
80	70	Twintock 12% U.S.	76	-	12.0	15.8			
58	23	Unifac Holdings	50	-	2.6	5.2	10.6		
87	42	Weir Alexander	87	-	4.4	5.0	5.8		
190	156	W. S. Yates	181	-	11.5	6.3	7.0		

1 Accounts prepared under provisions of SSAP 15.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Officials' instructions are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY	FUTURE DATES
Interim—Quintile Steels.	
Final—J. Bibby, City and Commercial Investment Trust, De Beers Consolidated Mines, De Beers Industrial, S. V. Farmer, Johnson Group Cleaners, Penton, Rees Brothers, Resedmond Investment Trust, Sedgwick Forbes, Bono Payne.	
Interim—	
Armstrong Equipment	Mar. 19
Bundand Investments	Mar. 14
Chambers and Farquar	Mar. 28
Downing (S.A.)	Mar. 18
Lucas Industries	Mar. 27
Macallan-Glenlivet	Mar. 28
Mills and Allen International	Mar. 23
Photo-Me International	Mar. 20
Pfco	Mar. 21
Pressac (W.V.)	Mar. 20
Thompson	Mar. 19
Walker (James) Goldsmith and Silversmith	Mar. 20
Final—	
Bowater	Apr. 10
East Lancashire Paper	Apr. 12
Fisher (James)	Mar. 17
Friedland Deagat	Mar. 27
Harper Investments	Apr. 2
Invergon Distillers	Mar. 17
McClure L.A.M.	Mar. 18
Schroders	Mar. 13
Sloagh Estates	Mar. 26
Star and Alpey	Mar. 18
Smith St Aubyn	Apr. 30
Amended.	

Merchants' Trust

PRE-TAX revenue of Merchants' Trust expanded from £2.55m to £3.05m for the year ended January 31, 1979, and the dividend is increased to 3.75p against 3p, with a total of 2.25p.

Gross revenue amounted to £3.44m compared with £3.04m. Tax for the year took £1.07m (£881,000) after which earnings are shown as 3.82p (3.07p) per 25p share.

Net assets were £50.52m (£49.15m) equivalent to 99.5p (96.5p) per share.

MITCHELL COTTS International Engineering, Transportation and Trading

Interim Report for the six months ended 31st December 1979

Resulting largely from a better first half in South Africa, the profits of Mitchell Cotts for the six months to 31st December 1979 are increased by 12% to £2,978,000. In the United Kingdom the effect of the strike on our engineering subsidiaries was more than counterbalanced by improved results of other companies. Additionally, mainly resulting from the sale of a company in the U.K. which no longer fitted into our specialised spheres of activity, extraordinary profits of £274,000 were realised.

Helped by the acquisition in South Africa of the Clifford Harris Group, the trend to higher

profits is expected to continue into the second half despite a reduced contribution from East Africa and a continuing shortage of mining engineering projects.

An unchanged interim dividend of 0.65625 pence per share has been declared on the ordinary shares, which, together with the preference dividends, will absorb £367,000 (1978 £366,000). The interim dividend will be paid on 12th May 1980 to shareholders on the register at the close of business on 11th April 1980.

Mitchell Cotts

Mitchell Cotts Group Limited, Cotts House, Camomile St, London EC3A 7BJ

P. P. Dunkley, Chairman

Unaudited Interim Results for the six months ended 31st December 1979

	Six months Dec. 1979 £000s	Six months Dec. 1978 £000s	Year June 1979 £000s
Turnover	128,736	125,182	266,079
Profit before Interest and Taxation	4,952	4,466	11,071
Interest	2,156	1,999	4,400
Profit after Interest	2,796	2,467	6,671
Share of profits of associated companies	182	201	486
Profit before Taxation	2,978	2,668	7,157
Taxation	1,609	1,458	3,095
Profit after Taxation	1,369	1,210	4,062
Minority Interests	429	216	719
Profit before Extraordinary items	940	994	3,343
Earnings per Share (net basis)	1.74p	1.85p	6.29p
Extraordinary items	774	339	2,494
Net Attributable Profit	1,714	1,333	5,837

Robeco Substantial Dividend Increase

Highlights from the Annual Report 1979

- * Recommended dividend up from Fls. 8.00 to Fls. 9.00 per share, to be paid on capital increased by 3 1/2% scrip issue.
- * Purchases of American stocks exceeded sales. Dollar risk largely hedged.
- * In France, Belgium and Japan our interests showed small net gains. Spectacular rises were recorded by the Canadian, Australian and Hong Kong Stock Exchanges.
- * Our opinion of the better long-term prospects in the U.K. caused us to start buying cautiously there.
- * In Canada we took some profits. In Germany and The Netherlands we reduced our interests ahead of price declines.

Copies of the Annual Report and an explanatory brochure are available from the company.



Dept. 7800, P.O. Box 972, Rotterdam, Holland.

Preliminary Announcement

The consolidated trading results of Rolls-Royce Motors Holdings Limited and its subsidiary companies for the year ended 31st December 1979 are shown below:

	1979 £000	1978 £000
Turnover	158,316	152,182
Trading profit	7,145	14,634
Taxation—United Kingdom	1,794	2,601
Overseas	256	351
Profit after taxation	5,095	11,682
Less:		
Exchange losses	294	312
Minority interests	14	46
Dividends		
Additional 1978 final dividend	82	—
Interim paid — @ 2.340299p per share (1978 2.24p)	1,381	1,321
Final proposed — @ 3.128864p per share (1978 2.99477p)	1,846	1,764
Profit retained	1,478	8,239
Basic earnings per share	8.61p	19.72p

Direct exports from the UK of all products amounted to £66,350,000 (1978 £60,266,000) and Group turnover in countries outside the UK rose from £67,641,000 to £71,604,000.

The accounting policy for deferred tax has been changed and the figures for 1978 have been re-stated accordingly.

Earnings per share has been calculated on profit after taxation less minority interests.

Subject to approval by the Company at the Annual General Meeting a final dividend of 3.128864 pence per share will be paid on 7th May 1980 to the holders of the existing ordinary shares recorded in the register at the close of business on 9th April 1980.

10th March 1980

Rolls-Royce Motors Holdings Limited

The Report and Accounts for the year ended 31st December 1979 will be available from 20th March 1980 and copies may be obtained by request to The Secretary, Rolls-Royce Motors Holdings Limited, Pym's Lane, Crawley, Cheshire, CW1 3PL.

APPOINTMENTS

OVERSEAS NEWS

Executive post at British Dredging for Fane Vernon

Mr. Fane Vernon, who joined the BRITISH DREDGING COMPANY on February 11 as chairman, has now become executive chairman. Last month, Mr. Bryan J. H. Clark relinquished the chairmanship but remained chief executive and took over the position of deputy chairman. Mr. Clark has now resigned from the board and from all his executive duties with the group.

Mr. Fenton R. Talbot, senior vice-president, has been appointed head of the European division of CITIBANK'S individual banking activity. The division is comprised of subsidiaries dealing with consumer banking in the UK, Netherlands, Belgium, Germany, France and Italy. Mr. Talbot, who will operate from London, was previously in charge of the Consumer Services Group. Mr. Darryl G. Behrman has become a vice-president of Citicorp International Bank. Based in London, he is responsible for the Bank's corporate advisory business and financial consulting unit.

GLANVILLE ENTHOVEN, the insurance broking subsidiary of the Charterhouse Group, has made the following subsidiary appointments: Mr. S. Boorman has become a director of Glanville Enthoven (Home) and Mr. W. F. Shepton and Mr. P. J. Van de Poel directors of Industrial and Mercantile Credit Insurance.

Mr. J. D. W. Stobart will be retiring from the partnership of ROWE AND PITMAN, stockbrokers, at the close of business on April 11. Subject to formal Stock Exchange approval, Mr. P. Thompson will be joining the partnership then.

Mr. F. W. Hewitt, a former divisional manager of the National Westminster Bank, has been appointed a director of the WOOLWICH EQUITABLE BUILDING SOCIETY.

At the first general meeting of the UNITED KINGDOM PARTICLEBOARD ASSOCIATION (successor to the British Wood Chipboard Manufacturers' Association) Mr. Robert N. J. Watson, managing director of

Scotboard, Irvine, was elected chairman. Mr. Watson was acting chairman of BWCMA for six months until it was replaced by UKPA in mid-January. He was the BWCMA's principal representative in its international affairs activities, and continues in that capacity on behalf of UKPA. Mr. Leslie Aaronson (Spanboard), Mr. Axel G. Beselin (Weyroc), Mr. Thomas C. H. Ford (Giba-Geigy (UK)) and Dr. J. Robert Stillinger (Caberboard) were elected members of the UKPA Council.

Mr. Donald C. Lowe, president of PRATT AND WHITNEY AIRCRAFT OF CANADA, has been promoted to president of the group's commercial products division, succeeding Mr. David J. Hines. Mr. Hines plans to retire in 1981. In the interim, he will assist Mr. Carlton. Succeeding Mr. Lowe, as president of Pratt and Whitney Aircraft of Canada, will be Mr. Elvie L. Smith, currently executive vice-president, operations, for the UTC Canadian subsidiary. Mr. Smith, in turn, will be succeeded by Mr. David L. Caplan, vice-president, finance and administration.

Mr. David Lineham has become an assistant property manager at FEDERATED INSURANCE. Mr. Geoffrey Latham has been made assistant products and pricing manager, and Mr. Ian Strain, assistant claims manager.

LESLIE AND GODWIN has appointed Mr. Tony H. Belton as managing director and Mr. Anthony A. M. Pissent, deputy managing director of Leslie and Godwin Aviation. Mr. Mike F. J. Oxlade becomes managing director of Leslie and Godwin Contractors (Overseas). Mr. Graham Lewis joins the group as a director of Leslie and Godwin International and as senior vice-president of Frank B. Hall Overseas Inc.

Mr. A. W. A. Spiegelberg has been appointed company secretary of GREENALL WHITLEY AND CO. following the retirement through ill health of Mr. Arthur Anderson.

Philip Bowring assesses the prospects for economic co-operation between Australia and New Zealand

Isolated in a corner of Oceania

Australia and New Zealand. The compound slips off the tongue as if it were the most natural of unions. Big, virile Australia, and modest, homely but self-reliant New Zealand.

Cricket and rugby apart, it seems obvious that these two mainly white, English-speaking nations should want to huddle together, conscious of how tiny their populations are in relation to the vastness of Oceania and the multitudes in neighbouring Asia.

The relationship in cold and practical terms is nothing like as close as might be supposed from geography, Queen and Anzac.

But both are facing the question: should they try to act in economic concert? The question is of limited interest in Australia, which has a population four times as large as its neighbour's and an economy six times bigger. But for New Zealand it could be immensely significant. Attitudes to the Australian connection define New Zealanders' view of their position in the world and the type of economy they ought to have.

Later this month, Mr. Malcolm Fraser, the Australian Prime Minister, will have a long-awaited meeting with Mr. Robert Muldoon, the New Zealand Prime Minister, which will indicate whether or not the political

will exist to move towards closer economic co-operation. The topics are not dramatic—questions of tariffs, quotas, countervailing duties, and complementing industries. But it is as though Europe, in a minor key, were at the threshold of the Coal and Steel Community—a limited move, but the foundation of something much bigger.

Minerals boom

In one way, it is a most appropriate moment for the meeting. Afghanistan and war fever have reminded both countries of the fragility of peace and prosperity, of their lack of defence and long lines of communication with friends and trade partners, be they American, European or (grudgingly) Japanese.

But economic forces working towards co-operation have also weakened from a year or two ago. Australia is in the throes of another boom in minerals, and New Zealand thinks it has found energy (gas and hydro-electric power) to cure its stagnant economy.

Nonetheless, there is still momentum in the push which began with the "Nareen declaration" two years ago, when Mr. Fraser and Mr. Brian Talboys, New Zealand's Deputy Prime

Minister, put their names to a statement of intent to move towards much closer co-operation.

The declaration partly reflected mutual disgruntlement with the multilateral trade negotiations and the clear bias of the General Agreement on Tariffs and Trade (GATT) against farm produce exporters. But it was also a perception by both countries that their manufacturing sectors badly needed restructuring to sustain growth and, at least in Australia's case, prevent relations with Asia being soured by excessive protectionism.

Feelings of affinity are strong. There is, for example, greater freedom of movement than within the European Economic Community. Australians and New Zealanders can travel to, and work in, each other's countries without so much as an identity card. That has major economic consequences, but its origin is cultural, not economic. It contrasts with severe restrictions on freedom of movement of goods, and more modest ones on capital.

Australia and New Zealand are widely believed to have a large measure of free trade already. This is an illusion stemming from the existence, since 1966, of the New Zealand

Australia Free Trade Agreement (NAFTA). The practice, if not the principle, behind the free trade agreement is mercantilist rather than liberal. Trade is essentially in goods which the other does not produce, and much of its growth has thus probably been at the expense of third countries.

The agreement has two main components: items on "Schedule A," on which tariffs have been, or are being, reduced to zero; and agreements under Article 3:7, which permit swap and complementary arrangements at the level of individual industries or even companies. But these must be renewed annually, and are subject to agreement by industry groups on both sides.

Since 1966, two-way trade has grown from A\$205m to A\$1.45bn (£98m to £999m). Two-thirds is now conducted under Schedule A and another 9 per cent under Article 3:7. Many items on Schedule A remain subject to import licensing in New Zealand.

Many New Zealand manufacturers, hitherto almost completely protected, are terrified at the thought of competition from bigger Australian companies, with their larger production runs and stronger finances.

Unions and politicians alike

are concerned at the impact on employment of the assumed flood of imports. With unemployment at a post-war record of over 4 per cent, that is a serious issue. The potential impact on Australia is much less, but Australian dairy farmers, a small but vociferous community, are worried about New Zealand competition. More encouragingly, however, manufacturers' associations on both sides of the Tasman Sea, even the nervous New Zealanders, agree, in theory, that protection, whether quantitative or through tariffs, should become the exception, not the rule.

Diversification

Although each country is the other's main market for manufactures, they must both give most consideration to their main markets for primary exports. Many Australians—including Treasury officials—are concerned that free trade with New Zealand would result in only a slightly enlarged home market for their manufacturers, while strengthening the political appeal of protectionism. Australia, they say, should think in terms of competing with the world. New Zealand is a diversion. Special arrangements with New Zealand might also be viewed with hostility by Asian

neighbours anxious to increase their own access to Australasia. New Zealand critics use similar arguments. They say New Zealand must aim for skill-intensive specialised exports to occupy small but lucrative niches, rather than go for mass production in which it would never be able to compete internationally.

The concepts of large factories and economies of scale also fit none too well into New Zealand's ethos of the small farm and small company. Large multinationals are distrusted. The New Zealand arguments against close economic ties with Australia are not dissimilar from British voices against joining the European Market.

New Zealand's bureaucracy and the ruling National Party clearly want economic liberalism, but they face an uphill struggle against the forces of nationalism and welfareism which have long dominated New Zealand's thinking. It may all hinge on Mr. Muldoon, who has been showing signs of merging his right-wing politics with some right-wing economics.

But Mr. Muldoon is neither a sentimentalist nor an ideologue. He is a populist, and among the people the appeal of little New Zealand may yet outweigh that of greater Australasia.

NEC. THE COMPUTER AND COMMUNICATIONS COMPANY

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NEC
Nippon Electric Co. Ltd.
Tokyo, Japan

BASE LENDING RATES

A.B.N. Bank	17%	Guinness Mahon	17%
Allied Irish Bank	17%	Hambros Bank	17%
Amro Bank	17%	Hill Samuel	17%
American Express Bk.	17%	C. Hoare & Co.	17%
Henry Ansbacher	17%	Hongkong & Shanghai	17%
A.P. Bank Ltd.	17%	Industrial Bk. of Scot.	17%
Arbutnot Latham	17%	Keyser Ullmann	17%
Associates Cap. Corp.	17%	Kawesley & Co. Ltd.	18 1/2%
Banco de Bilbao	17%	Langris Trust Ltd.	17%
Bank of Credit & Cmce.	17%	Lloyds Bank	17%
Bank of Cyprus	17%	Edward Manson & Co.	18%
Bank of N.W.	17%	Midland Bank	17%
Banque Belge Ltd.	17%	Samuel Montagu	17%
Banque du Rhone et de	17%	Morgan Grenfell	17%
la Tamise S.A.	17 1/2%	National Westminster	17%
Barclays Bank	17%	Norwich General Trust	17%
Bremar Holdings Ltd.	18%	P. S. Refson & Co.	17%
Brit. Bank of Mid. East	17%	Rosminster	17%
Brown Shipley	17%	Ryl. Bk. Canada (Ldn.)	17%
Canada Perm't Trust	18%	Schlesinger Limited	17%
Cayzer Ltd.	17%	E. S. Schwab	17%
Cedar Holdings	17%	Security Trust Co. Ltd.	17%
Charterhouse Japhet	17%	Standard Chartered	17%
Chonlatons	17%	Trade Dev. Bank	17%
C. E. Coates	17%	Trustee Savings Bank	17%
Consolidated Credits	17%	Twentieth Century Bk.	17%
Co-operative Bank	17%	United Bank of Kuwait	17 1/2%
Cornthian Secs.	17%	Witwatersrand Laidlaw	17 1/2%
The Cyprus Popular Bk.	17%	Williams & Glyn's	17%
Duncan Lawrie	17%	Wintrust Secs. Ltd.	17%
Eagil Trust	17%	Yorkshire Bank	17%
E. T. Trust Limited	17%	Members of the Accepting Houses	17%
First Nat. Fin. Corp.	18 1/2%	Committees:	
First Nat. Secs. Ltd.	18%	7-day deposits 15%, 1-month	
Robert Fraser	18%	deposits 15 1/2%.	
Antony Gibbs	17%	17-day deposits on sums of £10,000	
Greyhound Guaranty	17%	and under 15%, up to £25,000	
Grindlays Bank	17 1/2%	15 1/2% and over £25,000 15 1/2%	
		Call deposits over £1,000 15%.	
		Demand deposits 15%.	

Hapoalim International N.V. US \$30,000,000 Floating Rate Notes 1977-1982

For the six months March 10th 1980 - September 8th 1980
the Notes will carry an
interest rate of 18 1/2% per annum.

Bankers Trust Company
Principal Paying Agent

Continuing Optimism

	6 months to 31 October 1979 £000's	7 months to 31 October 1978 £000's
SALES	9,880	8,875
PRE-TAX PROFITS	710	508
PROFIT RETAINED	494	389

"Trading to date is in line with internal budgets
and the Board has every confidence in predicting
satisfactory results for the year as a whole."

MAURICE HOPE—Chairman

R. & J. Pullman Ltd.
42-50 YORK WAY, LONDON N1 9AB

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Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar improves

The dollar continued to improve in currency markets yesterday despite intervention by several central banks. The dollar's recent rise has caused problems within the European Monetary System and both the French and Belgian central banks were believed to have given support to their currencies in an effort to stem the rise. The Bundesbank was an active seller of dollars as was the Swiss National Bank and while the level of business was never described as heavy, the U.S. unit was in demand for most of the day.

Against the Swiss franc the dollar finished at its best level since early June last year at Sfr 1.7350, well up from Sfr 1.6800 at the start of the year. Similarly, against the D-mark it rose to a four-month high of DM 1.8095 compared with DM 1.7960 previously. The Japanese yen was slightly firmer amid speculation of further support measures and continued intervention by the Bank of Japan. The dollar closed a shade lower at ¥247.70 against ¥247.80. On the Bank of England figures, the dollar's trade weighted index rose to 87.4 from 87.2.

Sterling was little changed overall, and although it lost ground against the dollar, it remained steady against other major currencies. This was reflected in its trade weighted index which finished unchanged at 71.9, having stood at 71.8 at noon and 71.8 in the morning. Against the dollar it opened at \$2.2525 and fell to \$2.2500 around noon. By mid-afternoon it had fallen to its low point of the day at \$2.2452-2.2453, but recovered slightly to close at \$2.2460-2.2470, a loss of 1/16, and its lowest closing level this year.

MARK — Steady within the European Monetary System, but weaker against dollar following sharp upward movement in U.S. interest rates — The D-mark

THE POUND SPOT AND FORWARD

March 10	Day's spread	Close	One month	Three months	Six months
U.S.	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Canada	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
France	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Germany	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Italy	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Japan	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Switzerland	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Spain	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Belgium	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Netherlands	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Denmark	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Sweden	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Norway	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Finland	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Greece	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Portugal	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Spain	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Italy	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
France	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Germany	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Japan	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Switzerland	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Belgium	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Netherlands	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Denmark	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Sweden	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Norway	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
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Spain	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Italy	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
France	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Germany	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Japan	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
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Netherlands	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
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Norway	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Finland	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Greece	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Portugal	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
Spain	2.2460-2.2470	2.2460-2.2470	0.0500-0.0510	0.0700-0.0710	0.0900-0.0910
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INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Ericsson and Arco link in telecommunications move

BY VICTOR KAYFETZ IN STOCKHOLM

L. M. ERICSSON of Sweden and Atlantic Richfield of the U.S. are forming a new company, Arco-Ericsson, to make and sell wire and cable products and telecommunications equipment in the U.S. and several other countries.

The new company, to be owned 50-50 by Ericsson and Arco's Anaconda subsidiary, is part of Ericsson's effort to enlarge its tiny share of the U.S. market for cables and subscriber exchanges, and will give the American-based oil company access to Ericsson's telecommunications expertise.

Anaconda-Ericsson, which is to have its head office in Greenwich, Connecticut, will have a share capital of \$210m and an estimated 1980 turnover of \$800m. The company will have nearly 9,000 employees, including 3,800 in the U.S.

Its operations will include those of the power and telephone cable units and the Anaheim and Garden Grove telecommunications facilities of

Anaconda's wire and cable division, as well as Arco's wire and cable interests in Brazil, Mexico and Saudi Arabia. It will also include Ericsson's telecommunications marketing operations in the U.S. and Canada, and its wire and cable interests in Argentina, Brazil, Colombia and Mexico.

The telecommunications activities of the new company will be operated as a separate wholly-owned subsidiary called Anaconda-Ericsson Telecommunications.

Mr. Björn Svedberg, Ericsson's managing director, said yesterday in Stockholm

that the agreement was part of an effort by the Swedish multinational to enlarge its business in the U.S., which contributed only about \$30m to the 1978 group turnover of slightly more than \$3bn. Ericsson will also benefit from greater proximity to American research in such fields as fibre optics and business telephone exchanges.

Mr. Svedberg said the deal also reflects Ericsson's desire to

encourage expansion of other sectors besides public switching systems which, in 1978, accounted for 50 per cent of group turnover, not least due to the success of the AXE all-electronic telephone exchange. Subscriber equipment and the cable, wire and network equipment sector each accounted for 13 per cent of Ericsson's sales in that year.

Anaconda-Ericsson will manufacture power and telephone cables at 11 factories throughout the U.S. and telecommunications equipment at two plants in California.

Its cable operations in other countries will comprise a 49 per cent interest in Latencia and a 30 per cent stake in Comdumex, both in Mexico, and 96 per cent of Facomex in Colombia. It will include 100 per cent of IEQ in Argentina and 20 per cent of the Saudi Arabia Cable Company of Saudi Arabia. In Brazil, it will combine the 46 per cent stake which Ericsson and Anaconda each currently have in FICAP.

CPI plans CS\$34m foreign issue

BY JOHN MAKINSON

CANADIAN PACIFIC Investments (CPI), the holding company for the non-transport interests of the Canadian Pacific group, is making a private placement of around 750,000 shares outside North America.

At the current Toronto market price of C\$45, the issue would raise about C\$34m. The price and precise size of the issue will be fixed according to market

conditions on March 18. The offering reflects CPI's strategy of strengthening its international base, and will be followed by a listing of all the company's shares on the London and Amsterdam Stock Exchanges.

Wood Gundy and Pierson, agents for the issue, which is not being underwritten, CPI which is 75.3 per cent owned by Canadian Pacific, currently has listings on the Toronto, Montreal

and Vancouver Exchanges. Its consolidated net income last year was C\$430m, producing earnings per share of C\$6.71.

The offer is not being underwritten to ensure a direct international placement and to prevent the shares from returning to North America through arbitrage dealings. The issue will be priced close to the Toronto market quotation.

Bright outlook for U.S. paper industry

BY OUR NEW YORK STAFF

STRONG DEMAND at home and abroad produced a sharp increase in profitability in the U.S. paper industry last year, and the outlook remains bright despite record interest rates and economic uncertainties. That was the message yesterday from the American Paper Institute at the start of its national convention in New York.

Federal Trade Commission figures show that sales by paper and allied product companies last year increased by 13.4 per cent to \$55.5bn, while earnings on continuing operations were ahead by 22 per cent.

Mr. Louis Laun, the Institute's president, said that, in the first

two months of this year, the industry's production rate had risen to an annual equivalent of 66m tons, compared with the record 64.9m tons produced last year.

There had been some increase in stocks held by manufacturers and distributors, but these had still not reached excessive levels, he said. In the paper and paperboard sector, supply was in line with consumption.

This suggested a good level of operation for the industry in at least the first half of the year. Even beyond that point, a sudden and strong contraction in demand does not seem

to be a major probability.

Last year was also a good one for the U.S. balance of trade in paper products. Imports, restrained by some supply problems from Canadian newsprint producers, were stable, but exports of paper and paperboard rose by 8.9 per cent to 3.67m tons. Container board accounted for almost half the tonnage exported.

The industry's optimism is also reflected in its capital spending plans. Together, the companies are expected to spend \$6bn this year, 20 per cent up on last year. About half of this relates to capacity expansion.

WESTINGHOUSE \$1bn ANTI-TRUST CHARGE

Cartel case back on course after diversion

BY PAUL CHEESERIGHT

THE MULTI-MILLION dollar damages case brought by Westinghouse Electric against 29 U.S. and foreign uranium producers in a Chicago court is now set to trundle forward after a diversion into an appeals court. The case will be heard in September, 1981.

The main action revolves around a charge by Westinghouse, the leading U.S. nuclear plant manufacturer and an important middleman in the international uranium market, that the producers conspired to fix prices and hold back supplies from the market in 1972-73.

Westinghouse is essentially charging the producers with operating a cartel in breach of U.S. anti-trust laws, despite the fact that the alleged cartel operated only outside the U.S. and that the U.S. market was, in any case, closed to them by an official import embargo.

But the case is not as simple as that because foreign producers in the U.K., Australia, Canada and South Africa, including companies in the Rio

Tinto-Zinc group, have refused, with Government backing, to accept the jurisdiction of the Chicago court. It is this refusal which caused the diversion into an appeals court.

Judge Prentice Marshall at the Chicago court held these producers to be in default. He then proposed to hold a damages hearing against the defaulting defendants. This prompted the move to the appeals court to decide whether he had the power to do this without hearing the main body of evidence on the case first.

Government support

The defaulters had the support of their governments. "If RTZ were to face severe financial difficulties, or even a significant reduction in its level of activity," said a UK Government submission to the court, "this could have major adverse economic consequences for the UK."

The Government invoked the Frow doctrine, the result of a

U.S. Supreme Court decision in 1972: "It would be incongruous and manifestly unfair to bring about a result whereby some of the defendants are saddled with crushing damage awards when the facts later adduced may well establish that the plaintiff's case (Westinghouse's case) was without merit."

The appeals court rejected application of the Frow doctrine. It saved the UK and other governments, calling them "subservient" to the companies which had "contumaciously" refused to appear in the Chicago court and charged them with being "surrogates." It upheld Judge Prentice Marshall's right to classify the non-appearing defendants as defaulters.

But, behind the appeals court's rigour of expression, there was, as it turned out, a judgment largely what the defendants wanted. On February 15 the court offered Westinghouse two choices.

The first was that Westinghouse should pursue the damages case against the defaulting

defendants and abandon its case against the appearing U.S. defendants. The second was that Westinghouse should ask the court put it, "proceed to the merits of the entire claim."

Westinghouse decided on the second course. "Your strategy is to proceed with the main case," said an official.

Positions intact

The decision has left the appearing defendants with their defence against Westinghouse unprejudiced. It has left the defaulting defendants with their positions intact. Our position after the appeal is basically the same as it was before the appeal," noted RTZ.

But what has changed since 1979 is when Westinghouse, legally embattled with 27 utilities and short of 65m pounds of uranium, seized on the cartel defence and started the Chicago action—has been the stiffer attitude of foreign governments.

This showed in the way they backed the companies in the appeals court. It has been evident in the way they have taken action to protect the companies from having to produce documents and evidence for the Chicago court. And, in the UK, it has been most clearly marked by the Protection of Trade Interests Bill.

This Bill has now passed through both Houses, and this week is back in the Commons again with amendments from the Lords. By the time the Bill is law, bringing with it a warning for Westinghouse.

Whatever assets Westinghouse may seize from RTZ as a result of a successful triple damages claim in the U.S., RTZ may seek to regain from Westinghouse assets in the UK, through the UK courts. If the Westinghouse case has demonstrated anything else, it is that foreign governments are tired of U.S. attempts to spread the effects of anti-trust jurisdiction outside U.S. borders.

Credit lines for Uniroyal as it drops dividends

BY IAN HARGREAVES IN NEW YORK

UNIROYAL, the tyre and rubber company which recently announced a \$120m loss for 1979, has secured bank credit facilities for the period to June 1982 and April 1983 respectively. During that time, Uniroyal may pay dividends on preferred stock, if earned, but cannot pay a common dividend.

Last year, Uniroyal announced the closure and sale of several facilities in Europe and the U.S. in an attempt to eliminate heavy losses on its tyre business and to shift more of the company's interests into chemicals.

The agreements will cover the periods to June 1982 and April 1983 respectively. During that time, Uniroyal may pay dividends on preferred stock, if earned, but cannot pay a common dividend.

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Small gains for dollar issues

BY OUR EUROMARKETS STAFF

DOLLAR Eurobonds managed gains of about 1 point on average yesterday, while prices of both Swiss franc and Deutsche mark bonds declined in what by now has become a familiar pattern.

The dollar sector gains came on an absence of selling rather than any genuine demand. Trading was described as very thin, as the market awaits details of President Carter's forthcoming anti-inflation package.

With no date yet set for the unveiling of the new measures,

the market remains in limbo. Meanwhile, dealers said that the market was also receiving some modest support from the continued strength of the dollar in foreign exchange markets.

In the D-Mark sector, another issue was postponed yesterday. This was a DM 100m loan by a Japanese borrower scheduled to be brought to the market by Westdeutsche Landesbank.

Traders said that any new issue would have to carry a coupon

of at least 9 1/2 per cent and they doubted the readiness of borrowers to pay such rates.

In the secondary market, prices fell by an average 1/2 per cent. The City of Oslo 9 1/2 per cent bonds floated last week were indicated at about three to four points below their 9 1/2 per cent issue price.

Prices of Swiss franc bonds shed about one point in light trading. The major Swiss banks are now slowing the pace of new issues and so far none are planned for this week from the large syndicates.

Strike hits Allis-Chalmers

BY OUR FINANCIAL STAFF

FIRST QUARTER net profits of Allis-Chalmers will be seriously affected by strike action, according to Mr. David Scott, chairman. The farm machinery group earned \$1.75 per share in the corresponding quarter of last year.

The strike, by 3,000 members of the United Auto Workers union employed in company plants at La Porte, Indiana, and West Allis, Wisconsin, has halted the production of farm implements, processing equipment and farm tractors for two weeks. Earlier, the company lost two days' worth of combines

production through a strike at its Independence, Missouri, operation.

The current dispute is over a three-year agreement and talks are continuing. The last contract expired on November 1, and was extended until two weeks ago.

The warning of a cutback in profits follows a statement earlier this year that Allis-Chalmers' eight consecutive years of earnings growth would probably be interrupted in 1980, after a 7 per cent gain in 1979 to \$81.4m or \$8.23 per share on sales of \$2bn.

Sharon Steel may pay more

MIAMI — The management of Sharon Steel, which is headed by Mr. Victor Posner, and controlled by NVP Corporation, plans to recommend to its Board an increase in the quarterly cash dividend from 7 1/2 cents to 9 cents a share. Sharon said it would also eliminate its semi-annual 10 per cent stock dividend in future.

The company, as planned, declared a 7 1/2 cents quarterly cash dividend, payable March 31, and a 10 per cent stock dividend, payable April 3, both to shareholders registered on March 17.

Reuter.

Insurance deal

Corroon and Black has agreed to acquire two insurance companies, Puritan Agency and William A. Prev, for an undisclosed amount, Reuter reports from New York.

AMERICAN QUARTERLIES

COMMONWEALTH OIL

FOXBORO

SWISS FRANC STRAIGHTS

YEN STRAIGHTS

AVERAGE PRICE CHANGES

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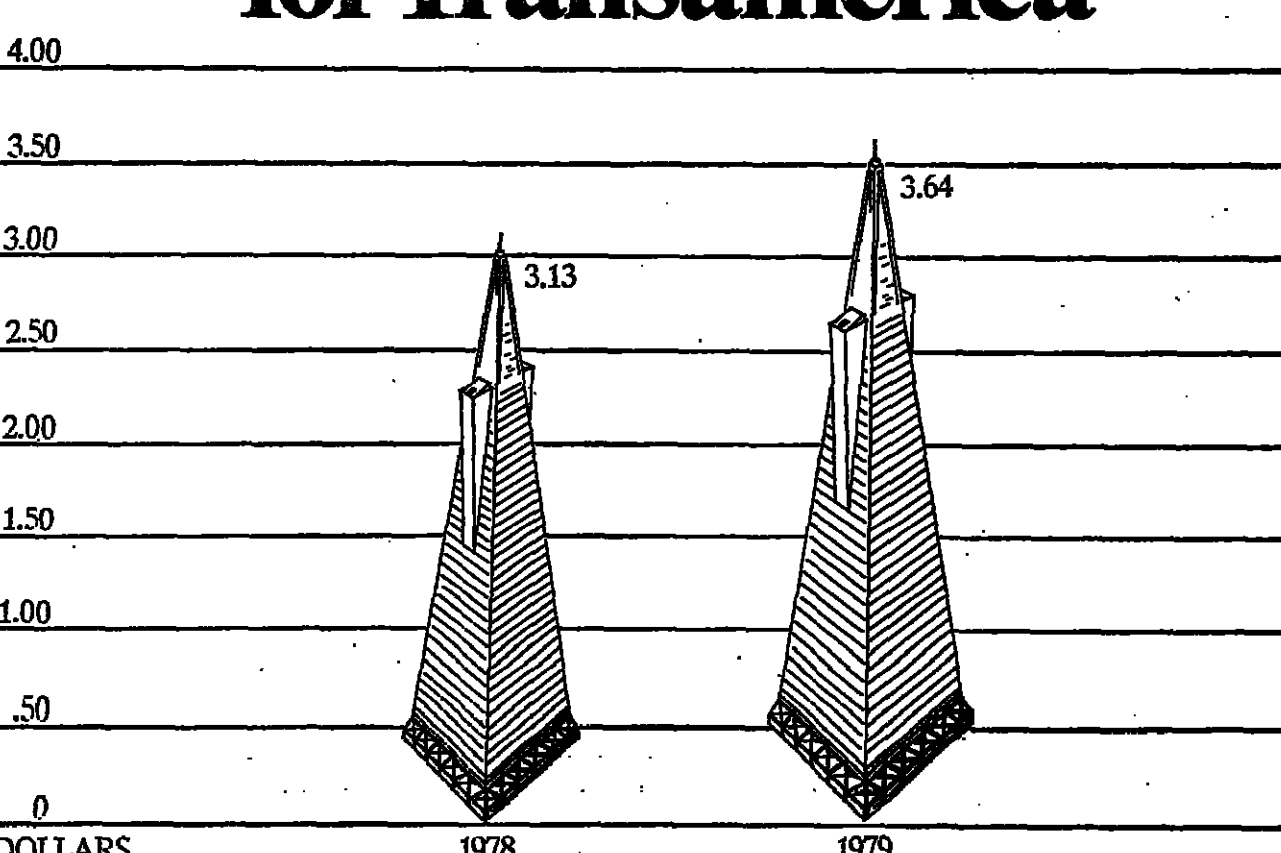
AVERAGE PRICE CHANGES

AVERAGE PRICE CHANGES

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AVERAGE PRICE CHANGES

Another Record Year for Transamerica



In 1979 Transamerica's operating earnings totaled \$238.8 million, a 15 per cent gain over 1978, on revenues of \$4 billion. Operating earnings per share in 1979 were \$3.64, compared to \$3.13 in 1978. Return on average equity for 1979 was 19.2 percent, our best ever.

Record performances were contributed by our insurance, finance, transportation and manufacturing activities.

Transamerica

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Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Amev bid for U.S. insurance group

By Jeffrey Brown

A MAJOR takeover aimed at broadening its U.S. operations is planned by Amev, the second largest insurance group in Holland.

The company is to bid \$134m for Interfinancial of Atlanta through a \$55 a share cash offer. Several major shareholders in Interfinancial have agreed to support the bid.

Interfinancial's activities cover life insurance, consumer credit and property management. Revenues totalled \$150m in 1978 and net profits \$14m.

The deal is a relatively large one for Amev and follows recent acquisitions in the UK and Australia. The purchase price for Interfinancial represents around 38 per cent of the Dutch company's current stock market capitalisation.

About a quarter of Amev's total revenues arose outside Holland in 1978, and of sums assured of \$1.46bn in that year, \$1.49bn were accounted for by the U.S., where the company's interests centre mainly on the Time Insurance subsidiary.

Interfinancial operates mainly in the south-east of the U.S., but its operations also extend round much of the country. It handles most kinds of insurance, but specialises in property-liability and life insurance.

Balance sheet total at the end of 1978 stood at \$550m. Earnings per share for 1978 were equivalent to \$9.97, up from \$4.85 the year before.

Interfinancial's shares were trading at about \$37 before the bid. They were quoted yesterday at \$47.50.

Capital rise for Olivetti

By Our Financial Staff

Olivetti SpA, makers of office machines and data systems, plans to raise capital by L100bn to L300bn, and the public will be asked to subscribe to some 70 per cent of the increase, the company confirmed yesterday. A syndicate controls about 30 per cent of Olivetti.

The prospects for the group are excellent, chairman and chief executive Carlo de Benedetti told the Milan weekly, Panorama. "I'm sure the capital increase will have full success."

Novo Industri lifts profit

By Our Financial Staff

HIGHER PROFITS and an increased dividend were announced yesterday by Novo Industri, the Danish pharmaceutical and biochemical group which for 1978 failed to meet its earnings targets.

Sales rose by 36 per cent to Dkr 1,270m for 1979 and after tax profits were 37 per cent ahead at Dkr 103m (\$18.4m). The dividend on the "B" shares is going up from 10 per cent to 12 per cent. The company, which has a London listing, sells 95 per cent of its output in foreign markets.

Increasing world demand boosts Hoechst sales

BY KEVIN DONE IN FRANKFURT

RISE IN WORLD chemicals demand, particularly in North America, Western Europe and Africa, helped Hoechst, the leading West German chemicals group, to boost sales last year by 11.1 per cent to DM 28.8bn (\$14.9bn).

Pre-tax profits of the parent company—group results have not yet been announced—rose by 27.5 per cent to DM 907m, and in line with this improved performance Hoechst is proposing to raise its dividend from DM 8 to DM 7 per share.

In the first nine months of 1979 group pre-tax profits rose by 49.4 per cent compared with the same period in 1978, to DM 1,230m, on sales of DM 19.8bn. Hoechst said yesterday that sales growth continued in the first two months of the current year. Despite uncertainties, it was optimistic about the prospects for the rest of 1980.

Sales growth last year was boosted both by higher prices and by increased demand. For the parent company, Hoechst

AG, total sales rose by some 14 per cent to DM10.7bn. Higher prices helped to push up the total by 5.4 per cent, but a further increase of 8.6 per cent came from the rise in sales volume.

Increased demand was fuelled partly by the price rises in oil-based raw materials, which pushed buyers to purchase stocks in advance of the next round of expected price increases.

The increase in sales volume enabled Hoechst, in common with other chemicals companies, to make better use of its plants. Capacity utilisation at its West German factories rose to an average for the year of 82 per cent, compared with 77 per cent in 1978.

In 1977 fibres showed a loss of DM240m, which was reduced to DM64m in 1978. Hoechst said yesterday that this sector is now operating around the break-even point.

There was a sharp fall in sales last year by Ude, the Hoechst

group's process plant engineering subsidiary. But the company said that the decline of more than a third in sales booked was caused solely by the uneven pattern of accounting for major process plant contracts. Order books were still at a high level.

The sales growth in the different chemicals sectors was far from uniform, but demand was particularly strong for organic chemicals, plastics, waxes, plastic film, synthetic resins and surfactants.

Of the group's worldwide sales, DM 18bn, or 67 per cent of the total, was accounted for by sales in foreign markets with the remainder, DM 8.8bn coming from the home market.

Domestic sales grew a little faster last year, however, by 11.9 per cent compared with a 10.7 per cent rise in foreign sales.

Labour costs rose by 6.4 per cent to DM 2.9bn, but the total workforce declined marginally to 81,535.

Bofors well ahead of forecast

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

A SHARP increase in sales and better profit margins on its defence equipment operation boosted Bofors' earnings by 50 per cent last year to SKr 176m (\$42.6m), well ahead of the SKr 150m forecast at the eight-month stage.

Anticipating a further profit gain this year the board of the Swedish armaments, steel and chemicals group proposes to raise the dividend by SKr 2 to SKr 7.4 a share for 1979.

Sales grew by 17 per cent to SKr 3,270m in 1979 with sales of defence equipment climbing 30 per cent and accounting for over half of total turnover.

The pre-tax gain was achieved despite a drop from SKr 25m to SKr 9m in net financial earnings. It corresponds to an adjusted return of SKr 20.65 a share compared with SKr 14.60 in 1978.

Operating income after planned depreciation moved ahead by SKr 75m to SKr 167m, including SKr 14m in stock gains.

The defence equipment division turned in an operating profit of SKr 172m, up SKr 61m, and Bofors-Nobel, the chemical division, contributed SKr 48m, ahead by SKr 3m, on sales of SKr 740m.

In the beginning of 1980 Bofors-Nobel stopped work on an SKr 500m project ordered by Iran. This project should not entail any loss, even if local conditions do not permit a resumption of work. Bofors states.

Rabo expects a lower rate of profit growth this year, Mr. Pierre Lardinois, the bank chairman, said. A similar volume of savings deposits was placed with the bank in the first two months of 1980 as in the same period of 1979.

Foreign business accounted for 10 per cent of total business volume in 1979, against 9 per cent the year before. The contribution to profits was lower, however, since much was low margin inter-bank dealings.

Rabo is about to establish a presence in Zurich by taking a 71 per cent share in Bank Europaeischer Genossenschaftsbanken.

Faster growth for Rabobank

BY CHARLES BATCHELOR IN UTRECHT

PROFITS at Centrale Rabobank, the Dutch agricultural co-operative institution, rose more rapidly than business volume in 1979 for the first time in three years.

Provisional gross profits rose by 23 per cent to Fl 899m (\$450m) last year compared with a 5 per cent growth in 1978. Net profits, which almost entirely go into reserves, rose by 21 per cent to Fl 330m compared with a 12 per cent rise in the previous year.

Set against these faster rates of profit growth, the balance sheet total rose by only 16 per cent to Fl 88.3bn (\$43.1bn) after a 21 per cent increase in 1978. New lending was virtually unchanged at Fl 18.1bn, compared with Fl 18bn in 1978.

Investment by industry is expected to remain slack in 1980, while no strong increase in mortgage demand is seen.

Last year saw an end to the narrowing of interest margins which set in in 1978, although Rabo continued to draw considerable funds from the relatively expensive capital market. Interest income never-theless rose more quickly than charges and profits on lending rose by 18 per cent to Fl 2.1bn.

Commission income grew by only 9 per cent (growth in

1978 was 18 per cent) to Fl 562m because of the stagnation of lending volume. Operating costs rose by 12 per cent to Fl 170m.

Increased business volume and economic uncertainties led the bank to raise its provision for general risks by Fl 65m to Fl 304m.

Credit demand from the agricultural sector as a whole slowed, although the dairy sector sharply increased its uptake of funds. Total agricultural lending rose by 14 per cent to Fl 6bn and accounted for 33 per cent (29 per cent) of all new Rabobank lending.

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Saudi fund raising by Niigata Engineering

By Our Tokyo Correspondent

NIIGATA ENGINEERING, an integrated machinery maker, active in plant exports, has privately placed in Saudi Arabia, SR 70m (about Y5 bn) in 5-year bonds, becoming the first Japanese company to raise funds in the Saudi Arabian currency.

The issue was made last month. Niigata is involved in oil pipeline construction and other projects in Saudi Arabia. The issue is reported to carry a coupon of 10 per cent, and to be priced at 98.5 per cent.

The lead manager is the National Commercial Bank in Saudi Arabia, with Dai-ichi Kangyo Bank in Japan as guarantor, and the London subsidiaries of Yamaichi Securities and the Long-Term Credit Bank of Japan acting as financial advisers.

Private placements by the Japanese in Saudi Arabia in any currency have been limited, with two known cases; a dollar placement by Komatsu, and a Deutschmark issue by Kubota.

Mitsubishi Heavy Industries is the only Japanese company to have placed bonds in another Arab oil country's currency—last year in Kuwait.

Sharp increase at Email—scrip issue

By James Forth in Sydney

EMAIL, the manufacturer of electrical and industrial equipment, proposes a one-for-ten scrip issue following a 39 per cent boost in group earnings in 1979. Profit rose from A\$8.23m to a record A\$11.47m (\$US12.6m), lifting the earnings per share from 19.4 cents to 27 cents. The final dividend has been raised from 6 cents a share to 7 cents, increasing the total payout from 9 cents to 10 cents.

The directors said that the group trading in the first two months of 1980 had been maintained at a satisfactory level, and that they were confident of continued progress in sales and profits. The result does not include trading figures for Kelvinator Australia, the white goods manufacturer, which will be consolidated from January, 1980. But Email earnings benefited to the extent of A\$51,000 in dividend income from Kelvinator.

The increased final payout is on capital expanded by 42 per cent by the issue of almost 18m shares to complete the acquisition of Kelvinator following a sharemarket contest early last year.

The shares from the scrip issue will participate in the interim dividend for 1980, and Email directors said they expected to maintain the payout on the increased capital. Email's earnings for the final six months surged ahead 50 per cent to A\$7.8m, compared with a 20 per cent gain to A\$6.5m in the first half. The profit increase resulted, the directors said, from improvements in the appliance, air conditioning and heating activities while the electrical, metering and element operations made the usual substantial contributions.

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YEN LOANS

Market slump prompts Swedish bond deferment

BY RICHARD C. HANSON IN TOKYO

A further deterioration of prices last week in the Tokyo bond market has prompted the Ministry of Finance (MOF) to ask underwriters to postpone a Y30bn yen-denominated bond issue by the Government of Sweden planned for this month.

The shelving of the issue, which Sweden was willing to make despite a high coupon, is, however, just one sign of how poor the prospects for the bond market are at present, according to Japanese underwriters.

The authorities stepped in to ask that the Swedish issue be deferred—which is an unusually direct tack even for the MOF—after the secondary market yield on long-term 6.1 per cent coupon Government bonds soared to over 11 per cent, with the price of the stock falling to 78 per cent of par. To make matters worse, the new issues of Government bonds last week at 8 per cent have already dipped three points on the secondary market to 96.5 per cent, to yield 9.2 per cent.

The Swedish issue would probably have carried a yield of 9.2 per cent—which would have been embarrassing while the Government sells its 8 per cent bonds. Nomura Securities is the lead manager.

Underwriters suggest that the decision to postpone the issue was also linked to the Government's attempt to bolster the sagging Japanese yen, by limiting the demand for dollars generated by conversion of the foreign yen bond. The Government is encouraging demand for yen on the foreign exchange markets by allowing Japanese companies to make private yen placements overseas (there have been none so far) and by trying to renew interest in foreign issues of Euroyen bonds.

Euroyen bonds may reappear this month with an issue by Eurofina, the European railway finance institution, but Tokyo underwriters report that such an issue would also run into problems. The underwriters may have to increase the yield to about 9.5 per cent from the 9.2 per cent level now being considered.

Since last month, the authorities have attempted to bolster the market by sopping up bonds from the secondary market, and cutting back on the amount of new Government bonds to be issued (from Y900bn to Y600bn in March), and increasing the coupon rate on ten-year bonds by 0.3 per cent (after the official discount rate was raised

1 per cent on February 18). Secondary market yields, however, have reacted by soaring to the highest point since November, 1974.

The market is convinced—and the authorities have strongly indicated—that the official discount rate will be raised further, by a large margin, perhaps 1.5 per cent or more. Traders are not convinced that the Government will be willing to absorb an equally dramatic increase in Government bond issuing terms to give the market a boost.

Not only has the Government been unable to place much of the bonds it intended to issue this fiscal year (ending March 31), but next fiscal year's issue plan calls for an additional Y14,000bn in bonds, to fund 34 per cent of the national budget. This is down Y1,000bn from the 1979-80 total, but promises to worsen the already unsettled bond market conditions.

The Japanese securities houses will enter into tough negotiations with the Government later this month on the terms of the April issue of Government bonds. There is only a slight hope at the moment that conditions will improve enough to allow the Samurai bonds back very quickly.

NOVO

Preliminary Final Report to Shareholders, 1979

The Novo Group

The international growth of The Novo Group continued during 1979. Total sales increased from Dkr. 939 million in 1978 to Dkr. 1,275 million in 1979. Sales abroad accounted for 96 per cent of total sales. Net foreign-exchange earnings amounted to the equivalent of Dkr. 725 million compared with Dkr. 560 million in 1978.

Income before taxation rose from Dkr. 97 million in 1978 to Dkr. 138 million, reflecting a 42 per cent increase. Net income rose from Dkr. 75 million to Dkr. 103 million in 1979. Earnings per Dkr. 100 B-shares amounted to Dkr. 46.37 compared with Dkr. 33.78 in 1978.

Trading conditions continued to be good for the Group throughout the year. And the level of profitability predicted for the full year in the interim statement has been achieved.

The net amount of realized and unrealized losses and gains on foreign exchange has been charged to the income statement and has been negligible.

Investment in new plant capacity, environmental and safety measures amounted to Dkr. 126 million compared with Dkr. 160 million in 1978. In Denmark the following plants were completed and started up: A plant for sterile filling of insulin and other organo-therapeutic preparations, a filling and cold store facility for enzymes and a central work shop. Construction work leading to a considerable increase of the production capacity of the insulin plants and to a new granulation plant for enzymes was initiated in 1979 and will continue during 1980.

In North Carolina the new enzymes plant is performing very well and a fifty percent expansion of its production capacity is being planned.

Novo Industri A/S

In the parent company, Novo Industri A/S, net income rose from Dkr. 75 million in 1978 to Dkr. 105 million in 1979. The distribution of net income for which the Board of Directors will ask shareholder approval, is as follows:

Dkr. '000	
Net income	104,716
Dividend on A-Shares: 0.5 percent on 61,875	309
Dividend on B-Shares: 12 percent on 222,229	26,656
Investment Fund	42,000
Unappropriated retained earnings	35,739

The proposal implies an increase of the dividend on B-shares to 12 per cent from 10 per cent in 1978.

WORLD STOCK MARKETS

NEW YORK

with large interests in sugar and oil shale, returned to ASSEB.

Among Mining, CMA has 50 cents to \$80 cents; American 20 cents to 25 cents; Hamersley 20 cents to 40 cents; Boulderville Copper 25 cents to \$50 cents; AS3.70 and MIM 40 cents to \$55.00. Monarch Petroleum 12 cents to 30 cents.

Germany

After an early crash on the market, partially responsible for the Commerciant only 4.1 lower on the 702.5 following last Friday

with large interests in sugar and oil shale, returned to 34 cents to **A\$5.68**.

Among **Mining**, **CRA**, 50 cents to **A\$5.18**; **Environmental** 20 cents to **A\$4.00**; **Hamersley** 20 cents to **A\$5.00**; **Bougainville Copper** 25 cents to **A\$3.70** and **MMI** 40 cents to **A\$5.00**. **Minerals Petroleum** 12 cents to 80 cents.

Germany

After an early fresh sell-off the market partially recovered, leaving the **Commerzbank** only 4.1 lower on the day.

Hong Kong

Banks had Deutsche Bank DM 5 down on the Deutsche Bayerische Bank, which was up but still elsewhere. Deutsche recouped an initial fall at DM 2 to close clustered at DM 2 1/2. Engineering, Linde, on shares increased net profit managed to rise DM 2. Hoechst, in Chemicals, went DM 120 despite higher pure profits.

On the Domestic Bond market Public Authority issues recorded losses extending to DM 106. Regulating Authorities, however nominal DM 18.9m of paper buying DM 49.5m last Friday.

Tokyo

Paris

Share prices were generally weaker in quiet trading. A dampening sentiment, the Fichtelberg money market and the interest rates continued to decline. The money market was quiet on Friday, but a record 154 per cent of the highest level since 1974.

Most sectors were lower, with some individual shares firm, however, including *AT&T* which rose FFr 11.8 to FFr 1,040 following its announcement on Friday of a one-for-six stock split and a higher dividend.

Utilities tended to slip against the trend on news that Lyonnaise des Eaux is to

shares and
fell sharply

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CANADA

	-	Mar. 10	
NO	-	-110	
NO	-	-40	
NO	-	-50	ACF Holding
NO	-	-50	Anold
NO	-	+35	AKZO
NO	-	+30	AMEV
NO	-	-10	AMRO
NO	-		Bredius Cert
NO	-		Buchmann-Tet
NO	-		Caland Hldgs
NO	-		Eurvar
NO	-		Ennis
NO	-		Euro Com Tet
NO	-		Gist. Brocades
NO	-		Heineken
NO	-	-1.75	Hofman
NO	-	-0.68	Hunter Douglas
NO	-		Int-Muelier
NO	-		Nardien
NO	-	+1	Nat Ned Cert
NO	-	+2.80	Ned Cred Bank
NO	-	+1.5	OEM
NO	-	+1.98	Gen Orlent
NO	-	-0.5	Ommeren (Var)
NO	-	-5.0	Palcho
NO	-		Rijn-Scheide
NO	-	+1.1	Rijk Sanct
NO	-	+0.6	Rodameo
NO	-	+4.25	Rollino
NO	-		Roranto

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LAND

	REF. AU	
ANZ Group	4.61	
Acrow Aust.	1.10	
Adelaide Corp.	1.10	
Amplol Pac.	1.02	
Assoc. Pulp Pap.	0.53	
Audmoo.	0.23	
Aust. Ind. Invest.	1.02	
Aust. Guarant.	1.45	
Aust Nat Inds.	2.50	
Aust. Nat. Inds.	1.50	
Banbrook Creek	0.34	
Bank NSW.	0.20	
Blue Metal	1.50	
Bonanza	1.50	
Boral	1.50	
BV fibre Combs	1.50	
Canberra Inds.	1.50	
BHP	12.80	
Brownrigg Oil.	0.23	
CAR	0.23	
Carlson & Utd.	0.23	
Chalco Ind.	0.23	
Ch. Opts.	0.23	
Cookburn Cent.	0.23	
Cons. (N.L.)	0.23	
Consolid.	1.14	
Consols	0.23	
Cons Gold	2.85	
Containers	2.85	
Continental	2.85	
Cosmin	2.85	
Cresader Oil	2.70	
Cresader Oil	2.70	
Elder Smith GM.	3.0	
Endeavour Rm.	3.0	
Enco	1.58	
Gen Prop Trust.	0.23	
Gen Prop Trust.	0.23	

1

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ITALIA	Priorità
May 10	Int.

[illegible]

1000

	Yen	
999	-1	
996	-14	
990		
935	-1	
947	-14	
915	-80	
411	-1	
764	-1	
185	-5	
372	+3	
248	-7	
490	-10	
89	-9	
450	-6	
1,110	-15	
550	-10	
2,170	-80	
545	-20	
118	-5	
935	3	
2,950	-10	
421	-94	
334	+4	
148	-1	
890	-9	
298	-8	
1,601	-94	
900		
750	-50	
510	-2	
546	-2	
771	-14	
225	-5	
685	-5	

1 Prior

14
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6
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15
50
20
6
2
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84
4
8
5
24
50
2
7
14
5
75

Indices

		Incense Bhd	2.57	-0
.60	-0.59	Malay Banking	9.20	-0
.20		Malay Brew	5.15	-0
.40		OCBC	8.40	-0
.80		Pan Elect	1.63	-0
.22	-2	Sime Darby	4.06	-0
.75	-0.25	Straits Tropic	2.60	-0
.00	-1.58	UOB	4.12	-0
.70	-0.48			

SOUTH AFRICA			
	Mar 10	Price Rand	+ or -
Abercorn	5.10	-0.
AE & C	7.10	-0.
Anglo Am. Co.	1.50	-0.
Barrow Rand	10.10	-0.
Bufile		

	+	or		
			CNA Invests	4.40
			Currie Finance	1.60
			De Beers	10.88
			East Drie	24.25
			FS Gerdul	60.5
	-21		Gold Fields SA	93.00
	+3		Highveld Steel	4.15
	-4		Kloof	7.30
	-20		Leleka	33.25
	-16		Nedbank	6.0
	-14			

-12	OK Bezzlers	16.90	
	Proctor Higgs	8.05	-0.7
-5	Rembrandt	6.65	
+5	Rennies	2.95	-0.8
	Rust Plat.	6.20	-0.2
-6	Sage Higgs	2.50	-0.5
-20	SA Brews	3.03	
+1	SAPPI	6.25	
-9	Smith CG Sugar	11.95	
-4	Sorec	2.75	
-7	Tiger Oats	14.50	

Unlsc	2.20	-0.1
Financial Rand US\$8.97		
(Discount of 21%)		
BRAZL		

	Mar. 10	Price Crux	+ or -
+5			
+80			
+1			
	Acesita	1.55	+0.05
-5	Banco Brasil	2.50	+0.05
-10	Banco Itaú	1.60	+0.05
-3	Belgo-Min	2.55	-0.05
	Lojas Amer	2.50	+0.05
	Petrobras PP	9.45	-0.05
	Pirelli	2.12	-0.01
-6	Souza Cruz	5.97	-0.01

-6	Unip FE.....	5.87	0.00
-2	Vale Rio Doce.....	4.50	
-2			
-90	Lower Cr.563.2m. Vol. 191.4m		
-3	Source: Rio de Janeiro SE		
-14	Spanish prices, Page 13		

1990

0.0	-0.25	sharp	926	
1.13		Shiseido	1,330	
1.84	-0.01	Sony	590	+
1.98	+0.08	Stanley	255	
1.65	-0.05	S'tomo Marine	616	
1.52	-0.01	Taihei Dengyo	205	
1.38	-0.01	Taisei Corp	565	
0.75		Taisho Pharm	458	
0.0	-0.4	Takeda	1,780	
1.30	+0.1	TDK	141	
1.15		Teijin	1,070	
0.0		Teikoku Oil		

80	-1.2	TES	494
54	-0.85	Tokyo Marine	560
50	-0.8	Tokyo Elect. Pwr.	635
60		Tokyo Gas	116
38	-0.4	Tokyo Sanyo	569
50	0.06	Toshiba	178
75	0.05	Tokyo Corp.	227
76	0.5	TOYO	400
22	0.2	Toyo Seltan	374
15	0.1	Toyota Motor	771
		Yokohama	192

38	-0.02	Vicor	280	-1
45		Wacoal	661	-5
0	-1.1	Yamaha Motor	832	-4
42	-0.12	Yamazaki	471	-1
70	-0.64	Yasuda Fire	280	-1
40	-0.10	Yokojawa Edge	601	-1
20				
20	-0.05			
20	-0.10			
25	-0.1			

Price		Mar. 10	Price	Mar. 10
100	100		100	100
80	-0.08			
85				
92	-0.11			
93	-0.05			
Price	+ or -			
1.3	-			
20	-0.58			
30				
60				
100				

80	Pan Elect.	1.83	-0
80	Sims Darby	4.06	-0
223	Stratco Trdg.	9.60	-0
2	UOB	4.12	-0
70			
70			
70			
50			
90			
90			
40			
62			

SOUTH AFRICA

	Mar 10	Prior Rand	+ -

0.85	-0.88		
0.90	+0.10	Abercorn	3.10
0.90	-0.90	AE & Cl	7.10
0.92	-0.85	Agua Am. Op.	11.50
0.92		Barrow Rand	10.10
0.75		Buttels	35.25
		CNA Invests.	4.40
		Currie Finance	1.60
		De Beers	10.85
		East Drie	24.25
		FS Distrib	60.5

-2	Gold Fields SA	93.00	
+3	Highveld Steel	4.15	
-20	Isulella	7.30	
-16	Kloof	33.25	
-14	Nedbank	6.0	+0.9
-12	OK Bezaars	13.90	
	Protea Hogs	5.05	0.0
+5	Rembraant	6.65	0.0
+5	Rennies	2.95	0.0
	Rust Plat	6.20	0.0
	Saree Niden	2.80	0.0

-6	SA Broma	2.00	
-20	SAPPI	3.00	
+1	Smith CG Sugar	6.25	
-4	Sorec	11.90	
-70	Tiger Oats	2.75	
-50	Unisco	14.50	
-21		2.20	-0.1
-7	Financial Rand US\$9.97		
-1	(Discount of 21%)		

Mar. 10	Price Cruz	+ of -
Acesita	1.25	+0.06
Banco Brasil	2.50	+0.06
Banco B.	1.60	+0.06

-10	Belfino 1000	2.55	-0.06
-8	Belgo-Min	2.50	+0.00
-4	Lojas Amer	2.50	+0.00
-2	Petrobras PP	2.48	-0.06
-6	Pirelli	2.12	-0.01
-4	Souza Cruz	2.97	-0.00
-6	Unip FE	5.50	-0.00
-2	Vale Rio Doce	4.87	-0.00
-2			
-90			
-3	Tower Cr.563.2m.	Vol. 191.4m	
	Source: Rio de Janeiro SE		

Spanish prices, Page 14

... ..

Heavy losses in metals as speculators sell

By JOHN EDWARDS, COMMODITIES EDITOR

IT WAS "black Monday" on the London metal markets yesterday. Prices tumbled as a wave of selling, mainly by speculators, hit the London Metal Exchange bringing hectic trading conditions.

The most spectacular fall was in aluminium futures—normally a fairly quiet market—where the cash price dropped by £113.5 to £773.5 a tonne. But there were heavy losses in copper and other base metals, as well as in gold, platinum and silver.

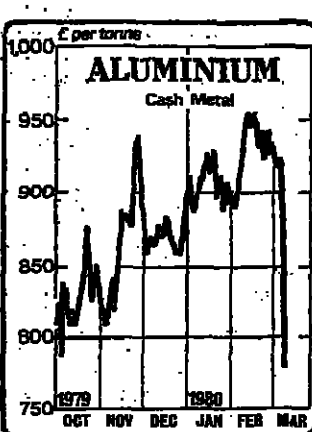
Traders said the main reason for the decline was a sell-off by U.S. speculators who have become increasingly worried about the effect of high interest rates.

Added to this was the decline in gold, reflecting hopes for the release of the U.S. hostages in Iran, and apprehension about measures that might be taken by President Carter's new package aimed at damping down inflation.

Once the fall started it brought out "panic" selling by speculators, and the decline was further accelerated as "stop-loss" and chart selling points were triggered.

The fall in aluminium was not entirely unexpected. Speculative buying, encouraged by forecasts of a shortage of aluminium in the years ahead, had driven the futures prices to artificially high levels—well above prices charged by aluminium metal.

Trading activity in aluminium futures is fairly thin, so once determined selling emerged,



there was little buying resistance to halt the fall. A further rise in aluminium stocks held in the LME warehouses—up by 1,150 to a total of 35,325 tonnes—also depressed sentiment.

Copper was also badly hit. Cash wirebars fell by £62 to £1,042 a tonne; this follows a loss of over £20 last week. In the U.S. the domestic prices charged by copper producers has come from a peak of \$1.42 a lb last month to \$1.10. The main selling has come from U.S. speculators, who were previously primarily responsible for pushing prices up. The rise in high interest rates have played a big role in changing sentiment.

Speculators have become increasingly conscious that funds locked away in "sterile" metals are losing their interest.

At the same time it is feared the high rates will encourage consumers to demand less and less demand by discouraging new investment plans.

Overwhelmed in the general depression was the fact that copper stocks in LME warehouses fell last week by 1,350 to 115,925 tonnes. This followed two consecutive weeks of stock increases—the first rises for over 14 months.

The stocks fell heavily by 530 tonnes cutting total holdings to 3,795 tonnes. But this was in line with market expectations and was insufficient to prevent the cash price dropping to £290 to £7,985 a tonne.

In late March trading there was an even more dramatic fall, with the three months quotation dropping by another £400 to £7,650 before rallying slightly to £7,700.

As expected, lead stocks were down again by 1,175 to 7,725 tonnes. But the cash price plummeted by £38 to £497.5 a tonne as part of the general sell-off.

Nickel stocks also fell by 414 to 6,810 tonnes, while zinc rose to 47,425 tonnes. LME silver holdings increased by 100,000 to 13,330,000 ounces.

On the London bullion market the spot quotation for silver dropped by 78.09p to 1,380.1p an ounce, and in the afternoon plunged to below 1,320p.

Free market platinum declined by £25.5 to £401.35 an ounce—nearly £60 below the all-time peak reached last week.

EEC could cost UK an extra £1bn

By Our Commodities Staff

BUYING FOOD in the EEC—the world's highest priced market—is likely to cost Britain an extra £1bn this year, on top of the £1.15bn budget contribution, the British Farmers and Food Traders will be told tomorrow.

In a paper to be presented at a conference on EEC Policy and British Agriculture Mr. Brian Gardner, European director of Agri Europe, says: "It is increasingly difficult for Britain to operate an agriculture and food policy in the national, consumer and farming industry interest within the Common Agricultural Policy. A more appropriate policy will have to evolve—although in the short term this will not benefit the British farmer."

Gardner says he receives more than Britain from EEC agricultural funds because of its success as a food trader, not because of the aid given to its "so-called" inefficient peasants. Mr. Gardner says: "Britain is different from other Community members because of its heavy dependence on imported food and food products."

The conference—jointly sponsored by Agri Europe and the Royal Agricultural Society of England—will be held at the Society's National Agricultural Centre at Stoneleigh, Warwickshire.

U.S. doubts on futures rules

JAMES STONE, chairman of the U.S. Commodity Futures Trading Commission, may have changed his mind about market regulations.

In a speech to the Harvard Club last week, Mr. Stone said that new rules on the London financial community's doubts about the practicality of applying traditional U.S. surveillance approach to today's international markets.

He suggested one alternative regulatory approach might be the British method of restricting market entry, when open positions are threateningly large.

Alternatively the CFTC could require, as a condition for using U.S. futures markets, that all U.S. traders agree to provide full ownership information or face liquidation of their accounts.

No end to wool strike yet

By PATRICIA NEWBY IN CANBERRA

THE STRIKE by Australian wool storemen and packers now in its seventh week seems no closer to resolution, in spite of a week of tough talks on both sides.

The strike, by members of the Storemen and Packers' Union in Sydney and Melbourne, has halted auctions and sale of about \$500m (£250m) and is threatening to damage seriously Australia's reputation as a reliable wool supplier as stocks held by overseas buyers dwindle.

A special wool industry committee has been formed to plan the removal of store-bound wool, president of the Wool Council of Australia, Mr. Dick O'Brien, said.

The Wool Council met in Canberra yesterday to discuss the strike, which has forced the cancellation of Australian wool sales for the past nine weeks, and the federal Government, which has backed brokers' proposals to seek deregulation of the storemen and packers union, will discuss the dispute in Cabinet today.

The wool men are seeking implementation of the rises of

between \$12.50 (£6.25) and \$15.90 (£8) granted by Arbitration Commission, Mr. Justice Staples, last year. On appeal to a full bench of the commission, the employers managed to have the rises reduced to a flat \$5.

The wool brokers, backed by the Government, have refused to implement the earlier rises, arguing that such action would represent a direct challenge to the authority of Australia's wage-fixing authority, the Arbitration and Conciliation Commission.

In spite of calls from the wool brokers, the Government has moved slowly towards deregistering the union, for fear it would inflame the dispute and lead to protest action by other unions.

Deregistration would mean that the wool could be moved by people other than the Government, Mr. Simon Creen, the federal secretary of the Storemen and Packers' Union, said deregistration could not possibly lead to movement of the wool even if the wool brokers could find labour prepared to do it.

Mr. Creen said 13 other unions were required to handle the wool before it could eventually be exported.

Mr. Barry Purvis, director of the Australian Wool Selling Brokers' Federation, said however he believed other unions would "move in like vultures" in spite of the policy of the Australian Council of Trade Unions (ACTU) against by another union.

Intervention by the ACTU and the Federal Government has so far achieved nothing. The union members voted earlier in the week to stay on strike for another ten days. Members in centres other than Sydney and Melbourne returned to work three weeks ago to earn money to support the strikers.

Reports from overseas buyers of difficulties being experienced as supplies dry up are continuing to be raised by the Government and the wool brokers. A Japanese wool milling union is supposed to have written to the solve the dispute because 20,000 jobs were at stake, while also writing to the unionists supporting their stand.

Lower Brazil cocoa crop forecast

BRAZIL'S temperate cocoa crop could be up to 25 per cent lower this year, according to reports coming out of the country's Bahia growing region.

In Brasilia, Agriculture Ministry officials said while the crop was likely to be late and sharply lower, it was too early to make a precise estimate of the harvest, which will start in May and last until September.

But cocoa traders in Salvador said it could be down to 2m to 2.5m bags (60 kilos each) compared with 3.15m bags in 1979.

For the 1978-79 season, total Brazilian cocoa production, including the main crop, amounted to 5.3m bags.

World cocoa bean grindings are expected to rise 2 per cent to 1.45m tonnes, it added, and world stocks will rise by an estimated 137,000 tonnes.

In London, yesterday's cocoa production and consumption balance sheet showed a new record of talks aimed at renegotiating the International Cocoa Agreement. The producers are still seeking the buffer stock price range of 120-166 cents a lb rejected by consumers at the last negotiating session in Geneva.

Tea drought in Colombo

COLOMBO—Some 150,000 acres of prime tea in Sri Lanka's central and south-central districts lie dehydrated and close to ruin as a result of the worst drought the country has experienced this century.

The result will be leaner catalogues at Colombo auctions for a month or more, if conditions get worse. Production over the last month has dropped by an estimated 18m kilos.

However, the meteorological office today forecast that the drought, which began in the second week of December, would end later this month.

Soviet wood offer

THE SECOND offer of Soviet softwood for shipment this year was circulated to the UK importing trade at the weekend. Exports, the state selling organisation for forest products, has raised the price for the most popular grade by just over 7 per cent when compared with the first offer which came out in mid-January. Price increases for the other four grades range between 2.5 and 6 per cent.

These prices are at the top of the scale of importers' expectations but, in defence of the new levels the sellers point out that the total quantity they have to offer this year is limited and that other European

markets are strong and will take any wood on offer. Should sterling weaken during the summer and so increase the cost of comparable Scandinavian stocks, then today's Russian prices which are in straight sterling will, the sellers say, look more reasonable.

The nominal quantity now offered is 150,000 cu m, but it is thought that if the response from importers is favourable then this quantity could be doubled. With just over 700,000 cu m sold on the first schedule this would then complete the Soviet's softwood sales to the UK this year at just over 1m cu m.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply lower on the London Metal Exchange. The continued strength of the dollar, high interest rates and a heavy fall in precious metals sparked a further decline in copper wirebars. The cash price fell to £1,042 a tonne, down from £1,106.50 on 28 Feb. The three months price fell to £1,042.50, down from £1,106.50 on 28 Feb. The six months price fell to £1,042.50, down from £1,106.50 on 28 Feb. The nine months price fell to £1,042.50, down from £1,106.50 on 28 Feb. The twelve months price fell to £1,042.50, down from £1,106.50 on 28 Feb.

WIREBARS—Official—£1,042.50, unofficial—£1,042.50. Cash—£1,042.50, unofficial—£1,042.50. Three months—£1,042.50, unofficial—£1,042.50. Six months—£1,042.50, unofficial—£1,042.50. Nine months—£1,042.50, unofficial—£1,042.50. Twelve months—£1,042.50, unofficial—£1,042.50.

ANALYST'S COMMENT—The market was heavily influenced by the fall in the price of gold, which fell to \$340 an ounce, down from \$350 on 28 Feb. The fall in gold prices was due to a combination of factors, including the release of the U.S. hostages in Iran, and the fact that the U.S. Treasury had sold a large quantity of gold on the open market.

MANAGING: Standard cash 287.30, three months 287.30, six months 287.30, nine months 287.30, twelve months 287.30.

L.G. Index Limited 01-551 3466. Three month Aluminium 767/778. 20 Lament Road, London SW10 0HS.

1. Tax-free trading on commodity futures. 2. The commodity futures market for the small investor.

CORAL INDEX: Close 449/454 (-5)

ALUMINIUM—Official—£773.50, unofficial—£773.50. Cash—£773.50, unofficial—£773.50. Three months—£773.50, unofficial—£773.50. Six months—£773.50, unofficial—£773.50. Nine months—£773.50, unofficial—£773.50. Twelve months—£773.50, unofficial—£773.50.

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L.G. Index Limited 01-551 3466. Three month Aluminium 767/778. 20 Lament Road, London SW10 0HS.

1. Tax-free trading on commodity futures. 2. The commodity futures market for the small investor.

COCAOA

Trading within a narrow range, futures prices were steady. The market was heavily influenced by the fall in the price of gold, which fell to \$340 an ounce, down from \$350 on 28 Feb. The fall in gold prices was due to a combination of factors, including the release of the U.S. hostages in Iran, and the fact that the U.S. Treasury had sold a large quantity of gold on the open market.

MANAGING: Standard cash 287.30, three months 287.30, six months 287.30, nine months 287.30, twelve months 287.30.

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L.G. Index Limited 01-551 3466. Three month Aluminium 767/778. 20 Lament Road, London SW10 0HS.

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ALUMINIUM—Official—£773.50, unofficial—£773.50. Cash—£773.50, unofficial—£773.50. Three months—£773.50, unofficial—£773.50. Six months—£773.50, unofficial—£773.50. Nine months—£773.50, unofficial—£773.50. Twelve months—£773.50, unofficial—£773.50.

WIREBARS—Official—£773.50, unofficial—£773.50. Cash—£773.50, unofficial—£773.50. Three months—£773.50, unofficial—£773.50. Six months—£773.50, unofficial—£773.50. Nine months—£773.50, unofficial—£773.50. Twelve months—£773.50, unofficial—£773.50.

ANALYST'S COMMENT—The market was heavily influenced by the fall in the price of gold, which fell to \$340 an ounce, down from \$350 on 28 Feb. The fall in gold prices was due to a combination of factors, including the release of the U.S. hostages in Iran, and the fact that the U.S. Treasury had sold a large quantity of gold on the open market.

PRICE CHANGES

In tonnes unless otherwise stated.

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MANAGING: Standard cash 287.30, three months 287.30, six months 287.30, nine months 287.30, twelve months 287.30.

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Companies and Markets

LONDON STOCK EXCHANGE

Firm Gilt-edged sector fails to help equities which drift lower—Oil majors weaken on heavier tax fears

Account Dealing Dates
Options
First Declara- Last Account
Dealings Date Dealings Date
Feb. 25 Mar. 6 Mar. 7 Mar. 17
Mar. 10 Mar. 21 Mar. 21 Mar. 31
Mar. 24 Apr. 10 Apr. 11 Apr. 21

Stock markets began the new trading session in divergent fashion yesterday. Sentiment was underpinned by strengthening views that the Chancellor may be considering the introduction of a tax on "wind-fall profits" coupled with yet another adverse projection of UK economic trends. The tax fears stem from the last week by Royal Dutch/Shell and by sharp revenue increases in the two major clearing banks which have so far declared 1979 results.

Gilt-edged securities, on the other hand, progressed quietly ahead of today's banking statistics, encouraged by the administration's determination to hold Minimum Lending Rate at its present level of 17 per cent despite the continuing rise in inflationary rates. Final gains among long-dated stocks ranged to 1/2, while the shorts were around 1/2 better.

The secondary oil market was again under close scrutiny. Siebens (UK), the centre of the market's recent weakness, led a fresh early decline but the tendency gradually steadied in the absence of any further enforced selling. The losses recently sustained in this sector, however, remained a cause for concern which again affected general sentiment in equities.

Reflecting the increased publicity about "wind-fall tax" possibilities, leading Oils and Banks suffered above-average losses, which sometimes extended to double-figures. British Petroleum, due to announce preliminary results on Thursday, weakened 2 1/2 to 364p, while Shell gave up 16 to 376p. Other leading shares were seldom more than two pence easier and most closed a shade above the worst: a fall of 5 1/2 in the FT 30-share index at 2,000 pm was reduced to 3 1/2 at the close of 452.3.

Still influenced by events in Zimbabwe-Rhodesia, buyers of Southern Rhodesian bonds were again operative and, in a market short of stock, the 4 point premium was reduced to 2 1/2 per cent from 2 1/2.

Demand for Traded options contracted and 559 contracts were recorded against Friday's 777 and Thursday's 531.

attracted 130 trades, while 100 were done in Cons. Gold Fields.

Antony Gibbs firm

Still awaiting news of the Hongkong and Shanghai bid approach, Antony Gibbs encountered renewed support and closed 1/2 to the good at 84p. Elsewhere in merchant banks, Guinness Peat edged forward a penny to 119p in response to Press comment but Arbutnot Latham came on offer at 210p, down 4, and Corinthian eased a couple of pence to 32p. Quietly, dull conditions prevailed in the major clearers where NatWest gave up 7 to 325p and Midland relinquished 1 1/2 to 335p; the latter's results are due on Friday. Insurances plotted an irregular course in thin trading. On the bid situation, C. T. Bowring gave up 2 to 133p, while Sedgwick Forbes decided a similar amount to 93p ahead of today's preliminary results. Sun Alliance, however, gained 4 to 588p and General Accident edged forward 2 to 235p.

Breweries passed an exceptionally quiet session and, apart from Bass, 2 cheaper at 219p, tended to retain last Friday's closing positions. Buildings trended easier in places. Among the leaders, Blue Circle shed 4 to 306p, while Tarmac, 23p, and RMC, 16p, lost 3 apiece. Taylor Woodrow were noteworthily in Contractors with a fall of 7 to 381p. Week-end Press comment stimulated demand for May and Basset which improved 5 to 97p, while bid speculation persisted in Montague L. Meyer, up 2 at 118p. Chemicals made a dull showing under the lead of ICI which drifted off to close 7 1/2 cheaper at 370p. Arrow fell 5 to 109p and Blagden and Noakes closed a few pence cheaper at 126p.

Ben Williams good

Secondary issues provided the main focal points in Stores yesterday. Press comment stimulated considerable buying interest in Ben Williams which rose 5 to 26p, while Bakers gained 5 to 96p and Roskill hardened a penny to 25p for a similar reason. Despite the reduced annual earnings, Cornhill Dressed added a penny to 131p, while the appearance of a few buyers helped Dewhirst improve 3 to 72p and James Walker on 4 to 100p, the latter ahead of next week's interim statement. Ratners, on the other hand, gave up 3 to 53p and Kitchen Queen remained friendless at 18p, down a penny. The leaders drifted lower for want of support. Woolworth cheapened a penny to 68p ahead of tomorrow's preliminary results, while similar falls were

recorded in Marks and Spencer, 83p, and UDS, 68p. Shoes featured Style 5 better at 170p. Dealings in W. and E. Turner were suspended at 48p prior to the announcement that the company had received a bid approach.

Still unsettled by the upward revision in the Decca losses, Rascal eased afloat to 208p before staging a partial rally to close 3 cheaper on balance at 211p. Among the other Electricals, GEC finished 4 lower at 373p and Plessey eased a few pence to 143p. Adverse Press

comment prompted selling of Newman Industries, which weakened 7 to 49p, but Concord Rotaflex became a better market at 24p, up 5, following last Friday's fall of 9 on the pre-loss and passing of the final dividend.

A quiet day's trade in the Engineering leaders left prices with small irregular movements at the close. GKN, 58p, and John Brown, 55p, both closed a shade harder but Vickers eased 3 to 125p and Hawker a few pence to 174p. Elsewhere, week-end Press comment stimulated fresh demand for Anderson Strathclyde, up 4 to 75p, while W. Williams advanced 7 to 29p for a similar reason. Further speculative support lifted Armstrong Power 4 to 96p. Buyers continued to show interest in Alcan Aluminium which improved 6 1/2 to 105p, but BTL and Smith came on offer at 51p, down 4, while losses of 3 were marked against Charles Clift, 82p, and T. W. Ward, 89p.

Foods closed quietly mixed. Leasure issues, Coral, a dull market of late, attracted specu-

lative interest and ended 6 better at 75p. Management Agency and Music added 3 to 133p for a similar reason, while a Press mention stimulated demand for Fiddlers Theatre, 6 higher at 81p. Down to 61p in response to annual profits a shade below market expectations, Rolls-Royce rallied to close 3 up on balance at 66p following the encouraging tone of the accompanying statement. Motors otherwise were generally a penny or two easier. Among Components, Dunlop, 59p, Automotive Products, 59p, Armstrong Equipment, 59p, all gave up 2. In Distributors, Arlington firmed a few pence to 105p after Press comment, but British Car Auctions lost a penny to 69p.

A few firm features appeared in Properties, a sector which has been unsettled of late by fears of yet higher interest rates. Favourable Press comment attracted buyers to Bradford and Warner Estates which helped the former close 8 to the good at 178p and the latter to put 20p to 263p. Mountview Estates also added 10 to 148p, while improvements of around 4 were seen in Percy Bilton, 23p, Centrovital Estates, 12p, and Dacian, 13p. HECF gained 3 to 185p and Land Securities edged forward a penny to 293p.

Leading oils sold

Fresh talk of a possible wind-fall tax on profits and suggestions of an increase in petroleum revenue tax in the forthcoming Budget set the seal for a sharp setback in the Oil leaders. Selling foundered the market unwilling and BP, results due on Thursday, weakened 2 1/2 to 364p. Shell dropped 16 to 376p, while Lasso gave up 24 to 450p and Tricentral 10 to 282p. The more speculative secondary North Sea issues continued to give ground, but fresh losses here mainly reflected the absence of support. Siebens (UK) reacted afloat to 530p before rallying to close 40 down on balance at 569p. Dealings were temporarily suspended in Viking Oil at 910p pending an announcement.

Trusts trended lower with City and International reacting to 120p and falls of around 3 recorded in Lake View, 94p, and Yeoman, 200p. Dealings were temporarily suspended in Bishopsgate Property at 5p. Furness Withy, down 5 more at 385p, continued to reflect doubts about the C.Y. Tung bid. Textiles made a brighter showing than of late. Nottingham Manufacturing added a couple of pence to 86p, while

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lative interest and ended 6 better at 75p. Management Agency and Music added 3 to 133p for a similar reason, while a Press mention stimulated demand for Fiddlers Theatre, 6 higher at 81p. Down to 61p in response to annual profits a shade below market expectations, Rolls-Royce rallied to close 3 up on balance at 66p following the encouraging tone of the accompanying statement. Motors otherwise were generally a penny or two easier. Among Components, Dunlop, 59p, Automotive Products, 59p, Armstrong Equipment, 59p, all gave up 2. In Distributors, Arlington firmed a few pence to 105p after Press comment, but British Car Auctions lost a penny to 69p.

A few firm features appeared in Properties, a sector which has been unsettled of late by fears of yet higher interest rates. Favourable Press comment attracted buyers to Bradford and Warner Estates which helped the former close 8 to the good at 178p and the latter to put 20p to 263p. Mountview Estates also added 10 to 148p, while improvements of around 4 were seen in Percy Bilton, 23p, Centrovital Estates, 12p, and Dacian, 13p. HECF gained 3 to 185p and Land Securities edged forward a penny to 293p.

Leading oils sold

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FINANCE, LAND—Continued[illegible]

MINES—Continued								
CENTRAL AFRICAN								
	379.40		Stock	Price	+ or -	Net	Gr.	YH
	High	Low						
430	68	132	Corporation	385			2.2	8.1
431	157	11	Falcon R.R. 50c	630			2.0	6.2
432	11	70	Goldfield 50c	250			0.5	2.2
267	70	26	Rock Cont. 4c	227			1.0	10.5
67	57		Wanika Co. R.R. 1	39			1.5	3.3
			Zam. Cons. 5000.00					
AUSTRALIAN								
118	28	19	Adams 50c	25				
119	30	50	Alcoa Corp.	100			1.5	2.2
120	100	100	Barnes 50c	100			1.5	11.2
121	234	234	Cargill 50c 50c	19			1.5	
122	54	54	Consolidated 50c	100			1.5	
123	54	54	Consolidated 50c	100			1.5	
124	54	54	Consolidated 50c	100			1.5	
125	54	54	Consolidated 50c	100			1.5	
126	54	54	Consolidated 50c	100			1.5	
127	54	54	Consolidated 50c	100			1.5	
128	54	54	Consolidated 50c	100			1.5	
129	54	54	Consolidated 50c	100			1.5	
130	54	54	Consolidated 50c	100			1.5	
131	54	54	Consolidated 50c	100			1.5	
132	54	54	Consolidated 50c	100			1.5	
133	54	54	Consolidated 50c	100			1.5	
134	54	54	Consolidated 50c	100			1.5	
135	54	54	Consolidated 50c	100			1.5	
136	54	54	Consolidated 50c	100			1.5	
137	54	54	Consolidated 50c	100			1.5	
138	54	54	Consolidated 50c	100			1.5	
139	54	54	Consolidated 50c	100			1.5	
140	54	54	Consolidated 50c	100			1.5	
141	54	54	Consolidated 50c	100			1.5	
142	54	54	Consolidated 50c	100			1.5	
143	54	54	Consolidated 50c	100			1.5	
144	54	54	Consolidated 50c	100			1.5	
145	54	54	Consolidated 50c	100			1.5	
146	54	54	Consolidated 50c	100			1.5	
147	54	54	Consolidated 50c	100			1.5	
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149	54	54	Consolidated 50c	100			1.5	
150	54	54	Consolidated 50c	100			1.5	
151	54	54	Consolidated 50c	100			1.5	
152	54	54	Consolidated 50c	100			1.5	
153	54	54	Consolidated 50c	100			1.5	
154	54	54	Consolidated 50c	100			1.5	
155	54	54	Consolidated 50c	100			1.5	
156	54	54	Consolidated 50c	100			1.5	
157	54	54	Consolidated 50c	100			1.5	
158	54	54	Consolidated 50c	100			1.5	
159	54	54	Consolidated 50c	100			1.5	
160	54	54	Consolidated 50c	100			1.5	
161	54	54	Consolidated 50c	100				

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominated in £s. *Estimates*: price/earnings ratios and discounts are based on latest annual reports and accounts and, where appropriate, on the latest available interim reports and accounts. *Dividends*: distributions include cash, scrip, share for share, scrip for scrip, distributions in kind, scrip for cash or share being converted on receipt into scrip and scrip for ADRs. *AGT* values: applicable to companies with a share price of less than £5. *Price above* is indicated as "all" (i.e. discounts, AGT values are based on "minimum" discounts). *Shareholders' gross dividends*: the amount payable to shareholders after deduction of corporation tax and, where applicable, of income tax. *AGT* values are based on the maximum applicable rate of 25% per cent and allow for value of stock distributed, and rights.

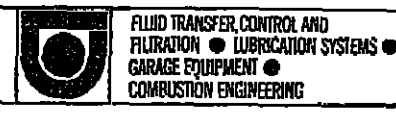
***Tax**
Highs and Lows marked as "all" (i.e. discounts) are taken for foreign rights, unless noted.
Interest: not accrued or resumed.
Interest: since reduced, stopped or deferred.
Tax-free to non-residents on application.
Share: available for sale at more than £100.
Unlisted security.
Price at time of acquisition.
Indicated: payment for scrip and/or rights listed over rights to previous dividend or for scrip.
Minority bid or reorganization in progress.
Not comparable.
Sense interest: reduced full amount reduced earnings indicated.
Forecast dividend: cover on earnings applied by latest indicator.

Cover allows for conversion of shares into new securities for dividends or rights. **Dividend**: based on latest annual reports and accounts. **Cover** does not allow for shares which may no longer be dividend at a future date. **No P/E** ratio usually provided.
Dividend: based on latest annual reports and accounts.
Repayment of dividend declared.
Repayment of rights.
No par value.
Value: based on assumed Treasury BVI share structure unchanged on offer of stock. **A**: tax free. **B**: figures based on prospectus or other official estimate. **C**: Accumulated. **D**: Dividend not paid or payable on part of shares. **E**: Dividend not paid or payable on full shares. **F**: Dividend not paid or payable on full shares. **G**: Dividend not paid or payable on full shares. **H**: Dividend not paid or payable on full shares. **I**: Dividend not paid or payable on full shares. **J**: Dividend not paid or payable on full shares. **K**: Dividend not paid or payable on full shares. **L**: Dividend not paid or payable on full shares. **M**: Dividend not paid or payable on full shares. **N**: Dividend not paid or payable on full shares. **O**: Dividend not paid or payable on full shares. **P**: Dividend not paid or payable on full shares. **Q**: Dividend not paid or payable on full shares. **R**: Dividend not paid or payable on full shares. **S**: Dividend not paid or payable 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[illegible]

NOTES	
20	Unless otherwise indicated, prices and net dividends are in pence and denominated in 25p. <i>Artists' preference shares</i> return and cover are based on latest dividend reports and accounts and, where possible, on the latest available figures. <i>Preference shares</i> are on "net" distribution basis, earnings per share being computed on profit after taxation and dividend per share being applicable to the relevant share class. <i>Preference shares</i> are based on "minimum" distributions and earnings given dividend cover is based on profit after taxation including extraordinary profits. <i>Artists' shares</i> are based on estimated cover of ordinary 25p. <i>Prices</i> are listed in midday quotations unless otherwise indicated. 20 p per cent and allow for free convertible.
21	● "Tap Stock"
22	● High and Low markets have been adjusted to allow fortnightly bases for cash.
23	● Interest rates increased or resumed.
24	● Interest since reduced, passed or deferred.
25	● Tax-free to non-residents on application.
26	● Tax-free interest available.
27	● Unlisted security.
28	● Price at time of cancellation.
29	● Indicated dividend in sterling and/or rights issue shows relation to previous dividends or forecasts.
30	● Merger and/or reorganisation in progress.
31	● See comparable.
32	● Same interest: reduced final dividend received earnings indicated.
33	● Forward dividend; cover on company acquired by listed interest.
34	● Cover allows for conversion of shares not yet existing for dividends or interest.
35	● Cover does not allow for share which may also rank for dividends in future date. No P/E ratio usually provided.
36	● Indicated or final dividend declaration.
37	● Repurchase price.
38	● No par value.
39	● Yield on assumption Treasury Bill rate since unchanged until maturity of stock. A stock. B. Figures based on prospectus or other official estimate. C. Gross. D. Dividend net yield or payable on part of capital. E. Dividend net yield. F. Dividend net yield.
40	● 1st yield. G. Accumulated dividend and yield. H. Accumulated dividend and yield after scrip issue. I. Payment from capital sources. J. Kenya. In relation to their previous call. K. Rights issue pending.
41	● Examples based on preliminary figures. S. Dividend and yield include special payment. T. Indicated dividend cover relates to previous dividend. U. Dividend based on latest annual accounts. V. Forward dividend; cover based on previous year's earnings. W. Tax free up to 10p in the W. Yield advice for currency. X. Y. Dividend and yield based on official estimate. Z. Dividend net yield. AA. General account. Cover does not relate to special payment. AB. A not dividend and yield. AC. Dividend and yield received. AD. Canada. E. British and American order price. F. Dividend and yield based on prospectus or other official estimate for 1979-80. G. Accumulated dividend and yield after pending scrip issue. H. Dividend and yield based on prospectus or other official estimates for 1978-79. I. Figures based on prospectus or other official estimates for 1977-78. J. Gross. K. Dividend and yield based on prospectus or other official estimates for 1976-77. L. Figures based on prospectus or other official estimates for 1975-76. M. Dividend and yield based on prospectus or other official estimates for 1974-75. N. Dividend and yield based on prospectus or other official estimates for 1973-74. O. Dividend and yield based on prospectus or other official estimates for 1972-73. P. Dividend and yield based on prospectus or other official estimates for 1971-72. Q. Dividend and yield based on prospectus or other official estimates for 1970-71. R. Dividend and yield based on prospectus or other official estimates for 1969-70. S. Dividend and yield based on prospectus or other official estimates for 1968-69. T. Dividend and yield based on prospectus or other official estimates for 1967-68. U. Dividend and yield based on prospectus or other official estimates for 1966-67. V. Dividend and yield based on prospectus or other official estimates for 1965-66. W. Dividend and yield based on prospectus or other official estimates for 1964-65. X. Dividend and yield based on prospectus or other official estimates for 1963-64. Y. Dividend and yield based on prospectus or other official estimates for 1962-63. Z. Dividend and yield based on prospectus or other official estimates for 1961-62. AA. Dividend and yield based on prospectus or other official estimates for 1960-61. AB. Dividend and yield based on prospectus or other official estimates for 1959-60. AC. Dividend and yield based on prospectus or other official estimates for 1958-59. AD. Dividend and yield based on prospectus or other official estimates for 1957-58. AE. Dividend and yield based on prospectus or other official estimates for 1956-57. AF. Dividend and yield based on prospectus or other official estimates for 1955-56. AG. Dividend and yield based on prospectus or other official estimates for 1954-55. AH. Dividend and yield based on prospectus or other official estimates for 1953-54. AI. Dividend and yield based on prospectus or other official estimates for 1952-53. AJ. Dividend and yield based on prospectus or other official estimates for 1951-52. AK. Dividend and yield based on prospectus or other official estimates for 1950-51. AL. Dividend and yield based on prospectus or other official estimates for 1949-50. AM. Dividend and yield based on prospectus or other official estimates for 1948-49. AN. Dividend and yield based on prospectus or other official estimates for 1947-48. AO. Dividend and yield based on prospectus or other official estimates for 1946-47. AP. Dividend and yield based on prospectus or other official estimates for 1945-46. AQ. Dividend and yield based on prospectus or other official estimates for 1944-45. AR. Dividend and yield based on prospectus or other official estimates for 1943-44. AS. Dividend and yield based on prospectus or other official estimates for 1942-43. AT. Dividend and yield based on prospectus or other official estimates for 1941-42. AU. Dividend and yield based on prospectus or other official estimates for 1940-41. AV. Dividend and yield based on prospectus or other official estimates for 1939-40. AW. Dividend and yield based on prospectus or other official estimates for 1938-39. AX. Dividend and yield based on prospectus or other official estimates for 1937-38. AY. Dividend and yield based on prospectus or other official estimates for 1936-37. AZ. Dividend and yield based on prospectus or other official estimates for 1935-36. BA. Dividend and yield based on prospectus or other official estimates for 1934-35. BB. Dividend and yield based on prospectus or other official estimates for 1933-34. BC. Dividend and yield based on prospectus or other official estimates for 1932-33. BD. Dividend and yield based on prospectus or other official estimates for 1931-32. BE. Dividend and yield based on prospectus or other official estimates for 1930-31. BF. Dividend and yield based on prospectus or other official estimates for 1929-30. BG. Dividend and yield based on prospectus or other official estimates for 1928-29. BH. Dividend and yield based on prospectus or other official estimates for 1927-28. BI. Dividend and yield based on prospectus or other official estimates for 1926-27. BJ. Dividend and yield based on prospectus or other official estimates for 1925-26. BK. Dividend and yield based on prospectus or other official estimates for 1924-25. BL. Dividend and yield based on prospectus or other official estimates for 1923-24. BM. Dividend and yield based on prospectus or other official estimates for 1922-23. BN. Dividend and yield based on prospectus or other official estimates for 1921-22. BO. Dividend and yield based on prospectus or other official estimates for 1920-21. BP. 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Dividend and yield based on prospectus or other official estimates for 1908-09. CB. Dividend and yield based on prospectus or other official estimates for 1907-08. CC. Dividend and yield based on prospectus or other official estimates for 1906-07. CD. Dividend and yield based on prospectus or other official estimates for 1905-06. CE. Dividend and yield based on prospectus or other official estimates for 1904-05. CF. Dividend and yield based on prospectus or other official estimates for 1903-04. CG. Dividend and yield based on prospectus or other official estimates for 1902-03. CH. Dividend and yield based on prospectus or other official estimates for 1901-02. CI. Dividend and yield based on prospectus or other official estimates for 1900-01. CJ. Dividend and yield based on prospectus or other official estimates for 1899-00. CK. Dividend and yield based on prospectus or other official estimates for 1898-99. CL. 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Dividend and yield based on prospectus or other official estimates for 1875-76. DI. Dividend and yield based on prospectus or other official estimates for 1874-75. DJ. Dividend and yield based on prospectus or other official estimates for 1873-74. DK. Dividend and yield based on prospectus or other official estimates for 1872-73. DL. Dividend and yield based on prospectus or other official estimates for 1871-72. DM. Dividend and yield based on prospectus or other official estimates for 1870-71. DN. Dividend and yield based on prospectus or other official estimates for 1869-70. DO. Dividend and yield based on prospectus or other official estimates for 1868-69. DP. Dividend and yield based on prospectus or other official estimates for 1867-68. DQ. Dividend and yield based on prospectus or other official estimates for 1866-67. DR. Dividend and yield based on prospectus or other official estimates for 1865-66. DS. Dividend and yield based on prospectus or other official estimates for 1864-65. DT. Dividend and yield based on prospectus or other official estimates for 1863-64. DU. Dividend and yield based on prospectus or other official estimates for 1862-63. DV. Dividend and yield based on prospectus or other official estimates for 1861-62. DW. Dividend and yield based on prospectus or other official estimates for 1860-61. DX. Dividend and yield based on prospectus or other official estimates for 1859-60. DY. Dividend and yield based on prospectus or other official estimates for 1858-59. DZ. Dividend and yield based on prospectus or other official estimates for 1857-58. EA. Dividend and yield based on prospectus or other official estimates for 1856-57. EB. Dividend and yield based on prospectus or other official estimates for 1855-56. EC. Dividend and yield based on prospectus or other official estimates for 1854-55. ED. 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WORLD LEADERS IN ARTICULATED TRUCKS

DJP ENGINEERING LTD.
Peterslee, Co. Durham

BL revises target for cutting workforce

By Alan Pike, Labour Correspondent

EL CARS management told union leaders yesterday that some 3,000 planned redundancies will have to be brought forward from 1981 to this year because of poor sales in recent months.

The company stressed that the 35,000 redundancies proposed under its two-year recovery plan were not being increased. But, because of "major changes in the business environment which have affected EL Cars in the past few months," parts of the programme are being accelerated.

EL blamed the effect on exports of the strong pound, the impact of last year's national dispute in the engineering industry, high sales of imported vehicles and the effect of fuel costs on sales of the company's largest cars.

About 3,000 of the proposed redundancies have already taken place through natural wastage and other means. About half of the 25,000 workers affected will have left the company by the end of this year.

Members of the Confederation of Shipbuilding and Engineering Unions' executive were not given precise details of the areas in which the company intends to speed up the recovery plan. These will be announced at plant level.

All EL's key plants are likely to feel some of the impact, although union leaders believe that an early round of cuts in Castle Bromwich, Birmingham, and Canley, Coventry, is a likely possibility.

Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers, said after yesterday's meeting that the company's expectations had not been fulfilled in certain areas where it had hoped to be more profitable by now. He stressed that the trade unions remained dedicated to the survival and strengthening of EL.

EL has 15,000 workers laid off and another 7,000 on short-time. The company claims to have taken 23 per cent of new car sales so far in March and is hoping the monthly figure will be at least 20 per cent.

Management representatives stressed to union leaders that the company remained determined to continue with its programme for new models as planned. It also said that EL did not need to approach the Government for additional financial aid.

NEW YEAR PRICE CUTS PUSH UP SPENDING

Retail sales recover

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

LARGER than usual New Year sales helped push retail spending in January to the highest level since last summer.

But a recalculation of the index shows that growth in sales over the last four years has been much slower than previously thought.

The Department of Trade figures published yesterday show index of the volume of retail sales rose by about 1 per cent between December and January to 102.8 (1978=100, seasonally adjusted).

Food sales fell slightly, but this was more than offset by an increase in other retail trade.

The upward trend was also reflected in a rise from £583m to £671m in new credit extended by finance houses, retailers and other specialist consumer credit grantors. This was, however, lower than the peak of £686m in November.

The spending revival in January appears to conflict with the low level of consumer confidence indicated by various opinion surveys. But it can be explained by the continuing rise

RETAIL SALES VOLUME		
1976=100, seasonally adjusted		
	All Retailers	Food Shops
1979 1st	100.7	98.7
2nd	101.2	99.9
3rd	99.5	96.7
4th	101.7	97.9
Oct.	100.8	97.6
Nov.	102.5	97.8
Dec.	101.7	98.3
1980 Jan.	102.8	97.8

Source: Department of Trade

In real incomes and possibly by a decline in savings from the very high levels of the end of 1979.

In addition, spending may have been given a special fillip in January and February by the size of price discounts in the unusually long New Year sales.

All recent evidence suggests that the retailers expect a weak first half in 1980 and are doing everything possible to reduce high stocks.

The retail sales volume figures are the first to reflect

the change in the base of the index from 1971 to 1976. This takes account of major changes in the structure of the retail trade.

The result is that the rate of growth of retail sales volume is now shown to be much lower than previously estimated because some types of retailer were over-represented in the previous index.

On the previous basis volume was estimated to have risen by 2.8 per cent last year; the latest estimate is 1.1 per cent.

A longer-term comparison, the rise between 1976 and 1979, was estimated at 5.5 per cent. The latest estimate is a 2 per cent increase.

The rebasing makes little difference, however, to the pattern of trade in recent months.

In the three months to January the average level of sales was about 2 per cent higher than in the previous three months. On a similar basis the value of new consumer credit rose by 3 per cent, which suggests a small decline in volume.

Swiss ease curbs on foreign holdings

By John Wicks in Zurich

SWITZERLAND yesterday removed further restrictions on foreign Swiss franc holdings in a continuing effort to strengthen the currency against the dollar. As from today, interest may again be paid on foreigners' time deposits of at least three months' maturity, and the limit on forward sales of Swiss francs to foreigners has been abolished.

The moves to protect the Swiss franc were underlined by the continuing strength of the dollar yesterday. In London it closed at a four-month high against the D-mark in spite of considerable central bank intervention. Gold again fell sharply in London and New York.

The measures mark a further step towards the complete abolition of the controls introduced in the mid-1970s with the aim of warding off an excessive inflow of foreign funds. The ban on interest payments, which was partially removed last month, now exists only for foreign sight deposits of less than three months' maturity.

Neither the easing of the interest and forward-sale restrictions in February nor the raising of the bank rate a few days later have yet brought about any firming of the Swiss franc's exchange rate against the dollar. The Government and the National Bank are concerned at the inflationary implications of a weak currency and at the consequent rise in import prices.

The National Bank believes there will be a gradual move back into Swiss francs following this year's measures to scrap barriers against foreign funds. However, the substantial gap between interest rates in Switzerland and those elsewhere still reduces the currency's attraction.

David Marsh in Basle writes: Rising interest rates internationally, the strength of the dollar and the surge in international liquidity came under examination by leading central bank governors at their monthly meeting in Basle yesterday. The central bankers reviewed a report drawn up by central bank experts on possible methods of Euro-market control. The report concluded that rising international liquidity constituted a major prudential and macro-economic problem.

The governors agreed yesterday to maintain efforts to improve surveillance of Euro-market activities, and reaffirmed their intention of forcing banks to draw up fully consolidated balance sheets. But they agreed not to make any statement on methods of improving Euro-market regulation, pending further discussion at next month's Basle meeting.

Peter Riddell, Economics Correspondent, writes: The dollar rose to a fourth-month high against the D-mark yesterday following the further rise in U.S. interest rates on Friday. This was in spite of continuing central bank intervention.

The U.S. currency rose in Europe to DM 1.8085 compared with DM 1.7960 previously and climbed to its best level against the Swiss franc since early June last year, closing at SwFr 1.7350 compared with SwFr 1.7160 on Friday.

Both the Bundesbank and the Swiss National Bank were regularly in the market, as they were last week, in an attempt to limit the rise in the dollar against their currencies.

Gold faced persistent selling and the price per ounce fell £28 in London to \$555.7, its lowest level for two months.

The renewed strength of the dollar again affected sterling, which fell 1.2 cents to \$2.2165. The pound was much firmer against the Continental currencies and its trade-weighted index closed unchanged at 71.9.

The rise of the dollar is now unsettling the European Monetary System and both the Danish and Belgian central banks had to intervene.

THE LEX COLUMN

A bumpy ride for Rolls-Royce

Even with sterling a little lower, the 12-month change in the wholesale input price index should now be nearing a peak, unless the oil market suddenly tightens again. High interest rates seem to have pricked the world commodity price boom—the gold price has come back below \$600. Yesterday the gilt-edged market absorbed the inflation news easily enough: the real test will come with this afternoon's February banking figures.

Rolls-Royce Motors

Rolls-Royce Motors run of bad luck has struck at precisely the worst time. The cancellation of the Iran tank order, the engineering dispute and the recession in industrial diesel engines, combined with the sharply increased interest charges associated with its capital expenditure programme, have combined to cut pre-tax profits from £14.6m to £7.1m. The decline in profitability has taken place when cash is draining out of the company pushing up the proportion of net debt to shareholders' funds to 70 per cent. This is a far cry from the 28 per cent considered "acceptable" by the chairman in 1978.

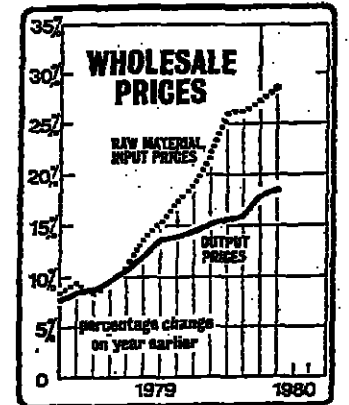
An early sharp improvement is unlikely. While cars probably accounted for 44m of the £5m profits lost because of the engineering dispute, the division has to carry the cost of launching the replacement Silver Shadow in the next nine months or so. The labour force in diesels—which lost £2m in the second half—has now been cut by a quarter, and the division may break even in the current year. The remaining division, mainly aerospace-oriented, should see further growth, but with interest charges also higher, profits are unlikely to come out much above £9m in 1980. At this level, the prospective p/e multiple—after yesterday's 3p rise in the share price to 68p due mainly to the maintained dividend—is about 84.

Profits of this order imply a further cash outflow of well over £10m. While the company believes there should be a positive cash flow by the following year when the capital expenditure programme falls off, the group faces a tricky period.

Berisford/BSC

British Sugar Corporation is over the hump of its capital investment programme, and should be about to enter a period of substantial cash surplus. But uncertainties over

Index fell 3.4 to 452.3



the EEC beet quota negotiations, a probable fall in profits this year—the current beet contract is unfavourable to BSC—and the presumption that the Government will sell its 24 per cent stake have combined to depress the shares. Even after a recovery over the last few days, the p/e on reported 1978/79 earnings is little more than 3.

So S. and W. Berisford, in taking its existing small holding in BSC up to 10 per cent, may simply be hoping to make a quick trading turn; noises emerging from Brussels suggest BSC's new quotas may turn out nearer 1.1m tonnes than the 0.9m originally mooted.

BSC cannot be sure, though, that Berisford is not building a platform from which to make a full bid. Berisford may feel its international sugar trading ambitions would be helped by having a sugar processing business to add to its merchanting activities, and BSC's cash-flow prospects make it a tempting prize. But it would be a stretch—BSC is capitalised at £30m, Berisford at £135m.

Lloyds Bank

Tomorrow the clearing banks begin negotiations with their staff over the pay deal due to come into operation next month. The clearers are entering the talks with a degree of trepidation, reflected in the statement in the Lloyds annual report, published today, that "much of our forward thinking has been dominated by concern over rising costs and the need to protect our business from the effects of significantly lower interest rates in the future."

In 1979 Lloyds' UK staff received an average pay increase per head of 21 per cent, and it

seems unlikely that the 1980 rise will be much, if at all, less than this.

As Sir Jeremy Morse, Lloyds chairman, points out, the clearing banks are unusual in that if inflation slows down, their income will not only stop rising so fast but will actually go into reverse. This was not, of course, why Sir Jeremy apparently told the NEDC meeting last week that the money supply should be allowed to grow faster. But the market's view of the current quality of clearing bank earnings is well illustrated by Lloyds' p/e ratio of 2.8 on its historic cost basis (and no more than 6.6 on a current cost basis).

Lloyds says that it is seeking to offset the risks of UK retail banking by moving into other areas like international and wholesale business. The pity is that the report gives no real quantitative information about such areas of activity other than Sir Jeremy's remark that the international contribution to pre-tax profit fell from "about 45 per cent in 1978 to about 20 per cent in 1979." Lloyds does, of course, publish separate accounts for Lloyds Bank International, but it seems that domestic and international business are spread between Lloyds and LBI.

CanPac Inv.

Last week Canadian Pacific Investments sold its 13.4 per cent stake in MacMillan Bloedel, Canada's largest forest products group, after encountering political opposition to a full takeover. Yesterday, it announced a placing of 750,000 shares outside North America. The two developments are not directly related, but together they indicate that CPI is fast outgrowing its domestic base and must look abroad for further expansion.

The planned listings in London and Amsterdam represent a gesture of this intent and will also bring CPI into line with its parent, Canadian Pacific, which has been listed on the two exchanges since the turn of the century. Significantly, CPI has gone to Europe before New York. The group was apparently deterred by the paper-work involved in an SEC listing.

The shares should be placed with ease, even though no discount on the current market price is foreseen. The offering amounts to only 1 per cent of CPI's capital and the appeal is foreign investors lies in CPI's highly profitable resource holdings.

Thatcher warning to EEC

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER last night appealed on French television for a fair deal for Britain over its net contribution to the EEC budget.

Ministers are becoming increasingly worried as the Brussels summit approaches without much indication of success in the campaign to cut the contribution.

In a firm restatement of Britain's position, Mrs. Thatcher stressed she would go on fighting for fair redress in 1980-1981.

There was no question of Britain leaving the Community, accepting associate membership—an option sometimes advocated in France—or adopting the "empty chair" technique of President de Gaulle.

But she hinted Britain might be forced to become a very awkward partner if there was no progress by the next financial year.

"Britain must have some justice, and I am afraid that unless we get justice fairly soon, it will be difficult to make progress with other matters," she said.

It was Mrs. Thatcher's first interview on French television since becoming Premier. Her theme was that Britain was a major partner in the Community and wished to continue as one. But it should receive fair treatment, patently not the case at present.

"Sooner or later, there must be a satisfactory solution because the position is totally and utterly unfair," she said.

She would not expect France to be the biggest contributor if it had an income below the Community average. French politicians would be the first to complain.

The Prime Minister intended to approach the summit on March 31 and April 1 in "a spirit of genuine compromise," but with little room for manoeuvre.

There was no question of Britain becoming a net beneficiary or seeking favoured treatment.

The intention was that "Britain would cover every single thing that the Community spends in the UK and we will, of course, make a modest contribution on top of that," Britain

was simply asking to contribute less.

The Premier was non-committal when asked about the European Monetary System and prospects for British participation. She referred to recent movements in the relationship between the pound and the dollar. This gave rise to "very considerable difficulties."

Mrs. Thatcher was asked about the domestic impact of her economic policies, and the fight against inflation. She accepted that the change of direction could not succeed without problems, but there was no alternative. She believed the Government was winning through gradually.

Economic and industrial strategy was on the right lines. "It is gradually going to come right."

Asked what it felt like to be a woman Prime Minister, she said she looked at things much more logically than her colleagues.

"Maybe it is that women are much more logical, much more reasonable, much more sensible. I also tend to make up my mind very quickly—perhaps that is because women usually do."

Bridging loan to aid Turkey

BY DAVID MARSH IN BASLE

TURKEY'S financial recovery programme took a major step forward yesterday when the country's central bank received a pledge from central bank governors meeting in Basle for a bridging loan of probably \$500-\$600m to help tide it over its economic problems.

The assurance was given to Mr. Ismail Hakki Aydinoglu, governor of the Turkish central bank, by central bankers at their monthly meeting at the Bank for International Settlements.

The loan, to be paid out under the aegis of the BIS, will be an advance on a credit of up to

\$1.6bn which Turkey will receive later this year from major OECD governments.

On March 26, the exact size of the OECD loan will become clear when governments hold a pledging session for Turkish aid in Paris.

Turkish officials feel that the session will result in firm commitments of at least \$1.2bn, roughly half of which will be paid out in advance by central banks to bridge the gap between approval of the funds and their disbursement by individual governments.

The money may be paid out as early as next week after the details are cleared up in consultations between Western governments and their central banks.

The bridging credit will probably run until September, by which time the government money is expected to be paid out.

Turkey is a member of the Bank for International Settlements, and has received emergency aid from the bank at least once—in 1977—during its economic trials over the last few years.

Continued from Page 1

Steel

joint bargaining arrangements which have been set up because of the strike.

Mr. Sims has said that joint bargaining itself is worth a 4 per cent pay increase.

BSC's "final position" has been a 14.4 per cent pay rise in return for job losses, new working practices and local productivity agreements.

U.S. bank

effort over the past few weeks to explain their position to MPs and other interested parties. A background paper, which is being distributed by some of the banks to backbench MPs and others, argues that the present tax system penalises the banks and is inequitable.

One of the main points in the paper is that industrial companies benefit from the avail-

Continued from Page 1

ability of capital allowances on their fixed assets, including industrial buildings.

"The banks, on the other hand, receive no tax relief at all on their principal form of fixed investment, their premises. There seems to be no justification at all for this discrimination. Discussions with the Inland Revenue have elicited no reason for it beyond sheer expediency."

EEC braced for U.S. steel-dumping suit

BY JOHN WYLES IN BRUSSELS

VISCOUNT Etienne Davignon, the EEC Industry Commissioner, flew to Washington at short notice yesterday amid strong indications that U.S. Steel was about to file its long-threatened suit alleging dumping of steel by European producers on to the American market.

What the Commissioner hoped to achieve was, not clear. But officials in Brussels indicated that he wanted to discuss the implications of the suit with the Carter Administration, and, as far as possible, limit its possible impact.

He is said to be anxious to urge the Administration to discourage other American steel companies from following U.S. Steel's lead.

It is understood that the suit would be directed against French and West German pro-

ducers who accounted for just over half of the EEC's 6.6m tonnes of steel exports to the U.S. last year.

To succeed, U.S. Steel would have to prove that these exporters have caused it material injury either because they were sold in the U.S. at below-average production costs or at below prices charged in their domestic markets.

There is some scepticism on both sides of the Atlantic as to whether U.S. Steel can substantiate a claim of material injury.

EEC producers have been bracing themselves for several months against such a suit. Steel imports, of which 30 per cent were from the EEC, took about 17 per cent of the U.S. market last year, at a time when most American companies' plant was under-used and when profits

were tumbling. U.S. Steel was experiencing heavy losses.

The Commission's principal worry is that the anti-dumping suit could halve steel sales to the U.S. at a cost of around \$5.1bn to U.S. producers. To some extent this concern is based on the experience of 1977, when an anti-dumping suit from National Steel raised such fear of penalties among importers of EEC steel that trade in some products virtually ceased.

U.S. Steel's suit is expected to cover about 75 per cent of the various products shipped to the U.S. from the EEC.

U.S. officials have previously made clear, that the filing of the suit should not be seen as retaliation for the recent imposition by the UK of quotas on U.S. synthetic fibres. Such

moves, it is said, are unfortunate but are allowed within the new framework negotiated last year, specifically to cope with industrial sectors able to demonstrate unfair injury from imports.

There is a suspicion that steel companies in the U.S. have used the anti-dumping threat to try to wring a number of concessions out of the Carter Administration.

The White House is believed to have rejected internal administration proposals for a modification of the trigger price regime which has set minimum prices for imported steel for two years.

The proposals were also said to have contained suggested changes in the environmental regulations applied to the steel industry which, the companies claim, impose a too heavy capital burden.

Call for higher duty threshold

THE Housebuilders' Federation is asking the Government to raise the threshold for stamp duty on house purchases from £15,000 to £30,000 in the Budget this month.

Weather

UK TODAY
RAIN at times in most areas. Generally mild.
London, S.E., Cent. S. and E. England, E. Angl. Midlands, Channel Is.
Becoming cloudy. Mainly dry. Max. 10C (50F).
S.W. England, S. Wales Occasional rain. Max. 12C (54F).
N. England, N. Wales, Scotland, N. Ireland, I. of Man Cloudy. Occasional rain. Hill fog. Max. 10C (50F).
Outlook: Brighter. Showery. Colder.

WORLDWIDE

	Y'day		Y'day			
	midday		midday			
S	14	57	L. Pms.	15	55	
S	16	58	Lisbon	C	16	61
S	48	Locomo	S	15	49	
S	49	Locomo	S	15	49	
S	24	75	Lusmbg.	S	5	47
S	13	85	Luxor	S	29	84
S	12	85	Madrid	S	18	82
S	41	Majoria	F	16	61	
S	39	Malaga	S	19	82	
S	12	54	Manila	S	16	52
S	12	54	M'chstr	F	6	43
S	43	Medlone	S	18	62	
S	18	54	Medlone	S	18	58
S	10	50	Mntcal.	F	10	50
S	6	43	Moscow	S	6	41
S	6	43	Munich	S	26	76
S	28	84	Nairobi	S	18	84
S	28	84	Naples	F	10	50
S	48	Nwcast.	S	13	37	
S	48	Nw York	S	13	37	
S	48	Nw York	S	16	61	
S	48	Nw York	S	16	61	
S	18	64	Osaka	S	16	61
S	28	81	Oelo	S	2	38
S	28	81	Osaka	S	2	38
S	2	38	Perth	S	33	91
S	2	38	Prague	F	17	63
S	2	38	Rangoon	S	32	89
S	15	59	Rome	S	17	63
S	4	39	Salt Lake	S	3	37
S	14	57	Seoul	S	14	57
S	14	57	Stockhm.	F	2	28
S	8	49	Strasbourg	S	10	52
S	8	49	Sydney	S	10	52
S	7	45	Taipei	S	18	68
S	17	63	Tehran	S	11	52
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